Packet Includes:
- Basic Information
- Suggestions for reaching donors
- Sample letter from Pastor/Lay Leader to Donor
- Sample letter from Donor to IRA Administrator
- Sample IRA Gift Receipt from Church to Donor

**BASIC INFORMATION**

What is the IRA Charitable Rollover?

At the end of 2015, federal legislation was passed making the IRA direct charitable rollover gift option permanent. The law allows “senior” charitably minded individuals a golden opportunity to make gifts directly from their IRAs and exclude the amount of their gift from gross income. Persons over the age of 70 ½ may make a gift to their church directly from their IRA, which counts toward their required minimum distribution, without including the distribution as personal income.

Criteria:
- You must be 70 ½ or older when the transfer is made.
- The transfer must go directly from your IRA administrator to your church.
- Rollover gifts are limited to $100,000 per taxpayer per year. If married, and each spouse has an IRA, then each may gift up to $100,000.
- The gift counts toward your IRA required minimum distribution.
- The distribution is not reported as income, so there is no adverse income tax effect.
- Gifts must be outright: not to donor advised funds, charitable remainder trusts, or for charitable gift annuities. Gifts can fulfill your local church pledge.

Your Missouri United Methodist Foundation is a great source of information and we are happy to visit with donors and church administrative staff to ensure IRA gifts are handled properly. This is also an opportunity to increase the likelihood of your church receiving future IRA or estate gifts from these donors.
GIFT OPPORTUNITY

IRA Charitable rollovers represent a significant opportunity for United Methodist Churches to secure current and future annual gifts and engage donors. Many nonprofits are actively pursuing IRA rollover gifts, and we want to ensure your church and members hear about this from you. This guide is designed to support your IRA rollover gift efforts, and may in the long term benefit your legacy giving efforts as well as engage a new group of donors.

IRA GIFT EXAMPLE

A donor, Mrs. Wesley, has an IRA from which she must now take minimum required distribution (i.e., she is over age 70 ½) and this year that amount is $10,000. After discussion with her Pastor and a Missouri United Methodist Foundation representative, Mrs. Wesley decides to give the distribution directly from her IRA to her local church. By doing this direct transfer to her church, she will be avoiding any additional income taxes, supporting the ministries of her church and satisfying the required distribution rule. In addition, she plans to continue making IRA rollover gifts to her church in the future.

What Motivates an IRA Rollover Donor?

Donors age 70 ½ or older could be motivated to make an IRA rollover direct transfer to their church for the following reasons:

- Those who DO NOT want to increase their adjusted gross income with the required minimum distribution (RMD), and thereby triggering additional income tax liabilities
- Donors who don’t need all or part of the RMD to maintain their lifestyle
- Those who would like to make a significant gift or fulfill a pledge, but are faced with the percentage of Adjusted Gross Income (AGI) limitation for charitable contributions. Or, the donor has already exhausted their limitation on annual charitable deductions
- Donors who make annual gifts but DO NOT itemize, so they cannot use the charitable income tax deduction
- Donors who wish to remove assets from their future taxable estate
Potential IRA Rollover Donors:

- Donors who are 70 ½ or older are required to take a minimum required distribution from their IRA.
- Donors who have been self-employed (small business owners, entrepreneurs, and franchise owners)
- Donors who have had private practice careers (dentists, physicians, veterinarians, and attorneys)
- Donors who are working in retirement or have second careers (teachers, public servants – fire fighters and law enforcement)
- Donors who have other assets to leave family and nonprofits (real property, personal property, or cash)

All of these people are likely to have significant IRA assets, along with other tax considerations that make this gift attractive.

IRA GIFT EXAMPLE

Dr. Stewardship is a dentist in private practice who has contributed significantly to his IRA over his career. Dr. Stewardship has remained healthy, worked into his 70’s, and made smart financial choices. He no longer needs the income from his IRA. Dr. and Mrs. Stewardship met with their financial advisor and understand that their IRA is not an ideal asset to leave their children – as a significant portion of the value of the IRA will be taxable.

Dr. Stewardship and his wife have been lifelong supporters of their church, and agree they would like to make a transformational gift to support their favorite ministries. They are delighted to learn that the IRA rollover gift is a permanent annual option. Dr. and Mrs. Stewardship have decided to give the entire balance of the IRA to their church. They will do so by making the maximum annual rollover contribution for the remainder of their lives, and at their deaths, gift any remaining balance of the IRA to their church.

Dr. and Mrs. Stewardship are thrilled to see the tangible difference their annual gifts make and excited that they can support the future ministries of their church. They did all of this while avoiding the tax liability resulting from personally taking the required minimum distribution.
GAME PLAN TO REACH DONORS

With the help of your Missouri United Methodist Foundation, we encourage Pastors to reach out at least once a year to past and future IRA charitable rollover donors. Depending on the size of your church, adapt the following steps to suit your church and its members. You don’t have to use all of these steps, choose the ones that will be most effective for you.

Advance Preparation
- Customize the enclosed letters with your letterhead, signature, and/or other personalized information and share them with your donors
- Order customizable IRA rollover brochures from your Missouri United Methodist Foundation (Coming soon in Late Summer 2016)
- Post alerts on your website (and link back to the Foundation’s website for the IRA charitable rollover sample forms) to remind donors they can give to their local church
- Mention the IRA giving option to donors in mailings, newsletters, postcard alerts, social media, etc...
- Add a Charitable IRA rollover banner to your website
- Periodically inform professional financial advisors, CPA’s, estate planning attorneys, and intermediaries in your congregation/community that you accept IRA rollover gifts

Ongoing Donor Stewardship and Annual Cycle
- Host a dinner, luncheon, or small group to lift up those donors who have made IRA gifts or other legacy gifts
- Inform IRA donors of your ministry progress and invite them to other events
- The best cultivation for a legacy gift is a great “current” gift experience
- 1st and 4th Quarter mailing (postcard or letter) reminding donors of the IRA rollover option
- Mention IRA gift option in small groups, finance, and endowment committees
- Introduce donors to those they have helped, have donors and others give testimonials

Sample Materials are available at www.mumf.org or call 800-332-8238 to request in editable electronic format.
- Letter from Pastor to Donor
- Letter from Donor to IRA Administrator Requesting Gift Distribution
- Receipt from Church to Donor
SAMPLE DONOR LETTER

June 1, 2016

Dear:

Right now, your gifts are hard at work helping Wesley United Methodist Church be the hands and feet of Christ in our community and to create more disciples of Jesus Christ for the transformation of the world. This essential part of the mission of our church (see the enclosure - church newsletter etc…) is just one example of how we are improving lives.

Thank you for your generous financial support. As we look to a new season of ministry, I want to share some information that might be useful to your stewardship and legacy gift planning.

Our Missouri United Methodist Foundation encourages all our churches to help spread the word about charitable IRA rollover gifts. This can be a helpful and tax-wise way to give for some folks.

The enclosed brochure provides additional information. To learn more contact the Foundation at 800-332-8238 or go to their website at www.mumf.org. A Foundation representative would be happy to talk to you about this gift opportunity.

Together, and through God’s abundant grace we are creating disciples and changing lives. Thank you for all you do.

Faithfully yours,

Pastor name and/or Laity Leader name

Title

Enclosure (newsletter or flyer about the ministries of the church, and IRA gift brochure.)
Instructions:
SAMPLE IRA GIFT RECEIPT LETTER 2016
For a Church to give to a Donor

When a church or charity receives a gift directly from an IRA administrator, that gift will need a special gift acknowledgement. The following sample letter is suggested as an immediate acknowledgement and receipt that will provide the proper record for the giver.

You may print this sample letter (preferably on church letterhead) and simply fill in the blanks by hand. Or, we will be happy to email your office an editable version – just call 800-332-8238 or email foundation@mumf.org. (Remember: This type of gift is NOT tax-deductible, so any year-end gift summary statements should reflect that fact.)

To complete the letter, fill in the blanks as follows:

1) Enter the date, and the mailing name(s) and address of the donor(s).
2) Enter the name(s) being addressed.
3) Enter the amount of the gift received.
4) Enter the post-marked date of the gift (assuming mail delivery).
5) Enter the name of the church.
6) An authorized church administrator or officer should sign the letter.
7) (Optional) Include the church name and mailing address.

This material and additional information for donors is available on the Foundation website (www.mumf.org) or by calling the Foundation office at 800-332-8238.
IMPORTANT TAX DOCUMENTATION  
RE: 2016 IRA Qualified Charitable Distribution (QCD)

Dear ____________________.

Thank you for your charitable gift in the amount of $______________________ from your Individual Retirement Account. We are writing to acknowledge that we received your gift postmarked _____________________ , 2016 directly from your plan trustee/administrator/custodian. Therefore, all or a portion of your gift may qualify as a 2016 qualified charitable distribution from your IRA under section 408(d)(8) of the Internal Revenue Code and the Protecting Americans from Tax Hikes Act of 2015.

In that connection, we warrant to you that our organization is qualified as a public charity under section 170(b)(1)(A) of the Internal Revenue Code and that your gift was not transferred to either a donor advised fund or a supporting organization as described in section 509(a)(3). We further warrant that no goods or services of any monetary value were or will be transferred to you in connection with this gift other than intangible religious benefits. Please note: A QCD is not a tax-deductible charitable gift. A QCD may, however, count towards the annual IRA required minimum distribution (RMD) and not be deemed taxable income. Please consult with your own professional tax advisor regarding this and all appropriate matters. Please retain this letter with your important tax documents and provide a copy to your tax preparer.

Thank you for your generous contribution in support of the ministries of ____________________United Methodist Church. Together we are sharing the love of the living Christ with a world in need.

Cordially,

______________________________
Authorized Church Administrator Signature

______________________________

______________________________
Church name and address
Sample IRA Distribution Letter Instructions:

First, contact your IRA administrator and see if they have a form that you can use to make an IRA direct charitable gift request. If that is not available, the following page offers a sample letter that can be used to request a direct distribution from an IRA (Individual Retirement Account) to your church or favorite charity. (This sort of gift is only available to individuals who are over age 70 ½.)

You may print the sample letter and simply fill in the blanks by hand. Or we will be happy to email you an editable version – just call 800-332-8238 or email foundation@mumf.org.

Fill in the blanks as follows:
1) Enter the name and address of your IRA custodian/administrator.
2) Enter the date.
3) Enter your IRA account number.
4) Enter the amount you wish to transfer to charity.
5) Enter the name and address of the church or charity. If you wish to benefit more than one charity, you will need to create a separate letter for each.
6) Briefly name the purpose of the gift whether it is for general charitable use or for a specific program or activity.
7) Include a phone number or email address where you can be contacted.
8) Sign the letter, print your name as the Plan Owner, and include your return mailing address.

You may want to keep a copy of the letter for your records.

This sort of gift may be new to some churches and charities. To ensure they provide you with an appropriate gift receipt letter, a sample gift receipt letter is also available from the Foundation (on the website www.mumf.org, or on request at 800-332-8238). You may want to give a copy of the sample receipt to the church office so they can be ready to respond.

Remember, this sort of gift is NOT income to you and, therefore, it is NOT tax-deductible. Nonetheless, the gift counts toward your Required Minimum Distribution (RMD). This is a great option for anyone who does not itemize charitable deductions and/or anyone who does not want to incur that additional RMD income.
RE: Request for charitable distribution from my Individual Retirement Account for the 2016 Tax Year

Dear IRA Custodian:

Please accept this letter as my request to make a direct charitable distribution from my Individual Retirement Account, Account #____________________________ as authorized by Section 408(d)(8) of the Internal Revenue Code and the Protecting Americans from Tax Hikes Act of 2015.

Please issue a check in the amount of $_______________ payable to the following charitable organization at the following address:

(Name of church or charity)

(Address)

In your transmittal to the above-named organization, please communicate my name and address as the donor of record in connection with this transfer. Also, please indicate that the purpose of the gift is: ________________________________

(Examples: for general charitable purposes without restriction; the Building Fund; the Mission Project; etc.)

Please copy me on your transmittal.

It is my intention to have this transfer be a Qualified Charitable Distribution (QCD) that will qualify for exclusion from my taxable income during the 2016 tax year. This QCD will fulfill part or all of my Required Minimum Distribution for this year. Therefore, it is imperative this distribution be postmarked no later than December 31, 2016.

If you have any questions or need to contact me, I can be reached at ___________________.

Thank you for your assistance and prompt attention to this matter.

Sincerely,

_____________________________  ________________________________
Signature  Home Address

_____________________________, Plan Owner

Print Name  City, State, Zip Code