

On August 17, the Pension Protection Act of 2006 (PPA 2006) was signed into law. The PPA 2006 may offer you new opportunities for tax-free charitable giving.

The provision is effective through December 31, 2007 for individuals at least age 70½. Qualified individuals can make tax-free gifts in any amount up to \$100,000 from their traditional or Roth IRAs directly to qualified charities. This allows otherwise taxable distributions of up to \$100,000 from a traditional individual retirement account (IRA) or a Roth IRA to be excluded from gross income. In addition, the amount rolled over will count against a donor's minimum distribution requirement.

To qualify:

1. Gifts must be made from a traditional or Roth Individual Retirement Account.
 - a. *Funds accumulated in employer-sponsored retirement plans, such as a 401(k), 403(b) plan, or other types of retirement accounts do not qualify.*
2. The donor must direct the IRA manager to transfer funds directly to the charitable organization.
3. The donor must be at least age 70½ and the donee must be a tax-exempt organization to which deductible contributions can be made.
 - a. *Donor advised funds and supporting organizations are not eligible.*
4. The gift must be outright; rollovers to a planned gift, such as a gift annuity or a charitable remainder trust, do not qualify.
5. Also, note that IRA rollovers may be includable in a donor's income for state and local tax purposes and may not earn an offsetting charitable deduction, depending on state and local law.

Please contact the AMS Development Office if you have questions about the Pension Protection Act of 2006 at development@ams.org.