



# Special Exemption for IRA Rollover Gifts Ends This Year

**U**nder the Pension Protection Act of 2006, any individual age 70 ½ or older can make direct transfers from an individual retirement account (IRA) to qualifying nonprofits, such as the Cato Institute, of up to \$100,000.

But, unless extended by Congress, this special exemption will expire at the end of 2007. The transfer must be postmarked or delivered to Cato no later than December 31, 2007.

Distributions can be made only from traditional IRAs or Roth IRAs. Donations from 403(b) plans, 401(k) plans, pension plans, and other retirement plans are ineligible for the tax-free treatment.

Distributions should be made directly by your IRA trustee payable to the Cato Institute. A distribution to a charitable remainder trust or gift annuity would not

be qualified, nor would a distribution to a donor-advised fund.

There are additional tax benefits. Because the transfer is not included in the IRA owner's income, nor reported on the taxpayer's income tax return, it does not count against the taxpayer's charitable deduction adjusted gross income (AGI) percentage limitations.

Consult your financial adviser to determine if an IRA rollover contribution to the Cato Institute would be advantageous.

Contributions may be sent in the detachable envelope found with *Cato's Letter* or mailed directly to the Cato Institute, 1000 Massachusetts Avenue N.W., Washington, D.C. 20001. Direct any questions you may have to Yana Davis, director of sponsor communications, at **202-842-0200** or **ydavis@cato.org**.

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