

# Charitable Giving Through Individual Retirement Accounts

*In order to help charities further their good work, Congress recently changed the rules for charitable gifts made from individual retirement accounts (IRAs). If you are over age 70 1/2, the Federal government now permits you to rollover amounts from your IRA to charity without claiming any increased income or paying any additional tax. These tax-free rollover gifts could be \$1,000, \$10,000 or any amount up to \$100,000 per IRA owner in one year. Here are several reasons why you might want to take advantage of this special opportunity.*

## Simple, Easy Gift

If you are like many individuals, your IRA has increased in value over the years and you have more income than you may need. The IRA rollover gift can be a simple and easy way to provide for your favorite charity, without increasing your taxable income. Simply contact your custodian and request that an amount be transferred to charity. Charity gets a nice gift and you avoid any additional tax.



## Convenient IRA Gift

Martha is a retired county administrator and a volunteer for her favorite charity. Martha's retirement plan with the county had grown substantially and she had almost \$450,000 in her IRA. Since Martha had all of the income she currently needed, and her tax accountant advised her that she could help her favorite charity without increasing her taxes,\* she decided to make a gift of \$2,000 from her IRA. Martha called her custodian and requested a transfer of part of her minimum distribution amount. It was an easy way for Martha to make the gift.

## You Can Give More!

Perhaps you have already made cash gifts to charity this year up to the Federal limit but want to give more. Your charitable deductions for cash gifts are limited to 50% of your adjusted gross income for a given year. With an IRA rollover gift, you can transfer excess funds from your IRA to charity and still make your regular cash gifts up to the Federal level. You can give more without paying any more in tax.



## Tax-smart IRA Donor

Luke is a retired Navy Officer and a regular supporter of a number of charities. He is an avid volunteer and makes annual cash gifts to charity up to the Federal limit, which is 50% of Luke's adjusted gross income. However, Luke wanted to make a one-time gift to a particular charity for a special project, without exceeding Federal limits or increasing his taxes.\* Luke consulted his tax advisor then decided to make a charitable gift of \$10,000 from his IRA to charity. He was able to continue making his regular contributions in addition to the IRA gift. The satisfaction he gained from helping charity was immeasurable.

## Make a Major Gift

Perhaps you are considering your tax planning goals and would like to make a major gift to charity. Like many individuals, your IRA may be the largest asset in your estate. Your CPA may be looking for ways to save taxes. By making annual IRA charitable rollover gifts of up to \$100,000, you can reach your goals of helping charity in a significant way and reducing taxable income.



## Major IRA Donor

Ralph, a retired investment advisor, had watched his IRA blossom and grow through good investments. It now was the largest asset in his estate. Based on his age and the increased value, his required distribution was nearly \$100,000! A frequent volunteer for his favorite charity, Ralph wanted to make a major gift to a special project. In November, he decided that he did not actually need the IRA distribution for the year. So, after meeting with his CPA, Ralph contacted his IRA custodian and had the full \$100,000 IRA payout sent to his favorite charity. Ralph made a wonderful gift and his tax situation was simplified.\*

\* Please check with your qualified tax advisor to learn about your IRA charitable rollover tax benefits.