

Tax-Saving News for Charitable IRA Rollovers

On December 17, 2010, President Obama signed the extended charitable IRA legislation, which will be in effect until December 31, 2011. This charitable option allows donors aged 70½ or older to move \$100,000 per year from their IRA directly to an eligible charity without having to pay income taxes on the money. The payout satisfies the required minimal distribution. If you are considering this, there are several important points to be aware of:

- The funds must be directly transferred from IRA accounts to the charity(ies). You should ask your IRA custodian for special forms to make these requests.
- These contributions do not qualify donors for an additional charitable income tax deduction as not being taxed on the withdrawal is worth even more than a standard charitable deduction.
- Only standard IRAs and Roth IRA accounts qualify under this law; other retirement accounts such as 401(k), 403(b), SEP, KEOGH, and SIMPLE IRA plans cannot be used to make an IRA rollover gift.
- Donors of IRA rollover gifts must receive no personal benefits from this gift nor are they available for planned gifts such as charitable remainder trusts or gift annuities

The provision is a significant opportunity if you:

- hold assets in your IRAs that you do not need;
- would like to make a large one-time gift;
- are subject to the 2% rule that reduces itemized deductions;
- do not itemize; or
- plan to leave part or all of your IRA to a charitable organization, such as ICS, at death.

For those individuals who are eligible and willing to consider directing all or part of your required minimum distribution to ICS, we would be most grateful to talk with you. Please contact Deborah Carr, Development Director, at 297-2738 ext. 222. As always, you should discuss financial planning decisions with your financial advisor. Experts on the ICS Planned Giving Advisory Council are available to provide guidance to our donors.

(Article by Doug Haynes, CFP®, Vice President, Wealth Management Advisor, Merrill Lynch, Scherer/Haynes Group, and George Chardukian, Financial Advisor, Chardukian-Goldstein Investment Group/RBC Wealth Management, both members of the ICS Planned Giving Advisory Council)

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