



Less tax, more change:

Your clients can make a difference *and* save taxes using the IRA charitable rollover

There are less than six months left for your clients who are over 70½ to take advantage of a great opportunity to contribute up to \$100,000 from their IRAs directly to a charity—and avoid paying the income tax usually associated with IRA distributions. As it stands now, this opportunity will end on December 31.

We're hearing from more and more people that this is an attractive option. You may have clients who feel the same. Here are some of the reasons why:

- **It's tax-smart:** For those with larger estates, passing on IRA accounts to heirs can result in reducing the value of the estate because of the income tax paid on those assets. By taking advantage of the IRA rollover, there are no taxes triggered by the withdrawal.
- **It helps your most philanthropic clients:** Since donors cannot deduct more than 50% of their AGI for gifts of cash to public charities (unless they can count on carrying over the excess in subsequent years), the rollover enables someone to make additional contributions up to \$100,000 from an IRA to charity. And each spouse can do the same thing.
- **It makes charitable planning more flexible:** Charitable distributions from IRAs can become permanent endowments, providing a lasting legacy for the donor. Or they can be distributed during the donor's lifetime.
- **It puts "unneeded" distributions to work:** Many donors have other sources of income besides their IRAs (especially if the growth of these assets exceeds their expectations), so using IRA assets for charity is a win-win: no tax implications for your clients, and more money to support the causes they care about.
- **It's great for people who don't itemize income tax deductions:** By doing an IRA rollover, your clients essentially get the equivalent of a tax deduction by not having to claim the distribution as income.
- **It avoids having IRA income push someone into a higher tax bracket.** For people who don't count on IRA income for their living expenses, distributions can have the unintended consequence of putting them in higher tax brackets. But by contributing the income to charities, your client won't be counting that amount toward their personal income.

How the Community Foundation can help:

We can help your clients benefit from the tax advantages of an IRA rollover and help them make their charitable giving as effective as possible. By working with the Community Foundation, your client will get the help they seek, when they seek it, on any aspect of their philanthropy.

If your clients have an interest in a particular issue—such as the arts or education—they can open a **field-of-interest fund**.

If they want to support a young person's education, they can establish a **scholarship fund**.

Or if they already know which organizations they want to support, they can open a **designated fund**.

Note that the IRS has determined that rollover distributions cannot be made to donor-advised funds and supporting organizations.

Give us a call to learn more:

If you have clients who could benefit from an IRA charitable rollover, or if you want to learn more about giving through the Community Foundation, contact Karen VanHouten Minogue, Executive Director at the Community Foundation, at 845.769.9393 or karen@cfoc-ny.org.

And help your clients make the gift of a lifetime.