



BENEFIT BY COMPLETING AN IRA CHARITABLE ROLLOVER

Legislation Adds an Opportunity That Can Lessen Your Taxable Income

For years, many people have carefully and thoughtfully tucked money into their individual retirement accounts (IRAs) to ensure a happy and secure future. After all, it was the smart thing to do. People were diligent, and now it seems many people have more assets in their IRAs than they actually need or want. If you find yourself paying a lot of income tax because you are required to take your minimum IRA distribution that you don't really need, it might be time to consider what the Pension Protection Act of 2006 can do for you.

The Pension Protection Act of 2006 allows individuals aged 70½ or older to make an outright gift through a direct transfer from their IRA to a charitable organization without paying income tax on the distribution. If you are able to take advantage of this opportunity, you can improve your overall tax situation while helping us continue to meet our goals and achieve our vision for the future.

Please note that the Pension Protection Act of 2006 does not permit direct transfers to charitable trusts, donor advised funds, charitable gift annuities or supporting organizations. In addition, this opportunity applies only to IRAs and not other types of retirement plans. However, owners of ineligible plans, such as 401(k)s and Keoghs, have the option to roll over amounts into an IRA and then make an eligible gift from that account.

You can make a direct transfer under the Pension Protection Act of 2006 if:

- You are age 70½ or older on the day of the gift
- You make the gift on or before Dec. 31, 2007
- You transfer funds directly from an IRA or Rollover IRA
- You transfer the gift outright to one or more public charities
- You give \$100,000 or less (Your spouse also can give \$100,000 from his or her own IRA if he or she is age 70½ or older.)

If you qualify for this opportunity, the benefits are plenty.

Benefits of an IRA Direct Transfer to a Charitable Organization Under the Pension Protection Act of 2006

- The charitable distribution may count toward your minimum required distributions, which could have a significant impact on your taxable income.
- If you have already maximized your income tax deductions because of the 50 percent of adjusted gross income percentage limitation, you have more opportunity to give. The charitable limitation does not apply and will not affect your ability to make gifts under this act.
- The transfer generates neither taxable income nor a tax deduction, so you can benefit even if you do not itemize your tax deductions.
- You may transfer up to \$100,000 directly from your IRA, which allows you to make a significant gift and gives you the flexibility to create an improved tax situation.
- Along with creating a powerful legacy, you can witness the benefits of your gift to our organization *now*.
- It's simple to do. Just call your IRA administrator to make the transfer or use a personalized version of the accompanying sample letter to make your request.

Sarah's Story

Sarah, aged 77, has \$320,00 in her IRAs in addition to her other assets. She wants to make a significant gift to us this year but is uncertain about which gift option would best maximize her dollars. Sarah talks with her financial advisor, who explains that she has a new gift option under the Pension Protection Act of 2006.

According to her advisor, Sarah is paying income tax each year on her minimum required IRA distribution of \$15,094. To lower her current taxable income, Sarah could make a gift to us from her IRA. If Sarah makes a direct transfer of \$15,094 from one of her IRAs to us on or before Dec. 31, 2007, she can avoid paying income tax on the required distribution. Although she lowers her taxable income, she will not be able to claim a charitable deduction.

Another Option

If you believe that making an outright gift from your IRA isn't right for you or if you don't qualify under the rules of the Pension Protection Act, consider making us a beneficiary of your IRA or other retirement assets. In most cases, the government defers tax on the income used to fund your IRA. After your lifetime, the funds in your IRA are subject to income and estate taxes—and sometimes state taxes.

When you put income and estate taxes together, 65 percent of the value of your IRA may be spent on taxes.

The good news is that by naming us as a beneficiary of these funds, we, as a charitable organization, are exempt from

taxes and will receive the entire amount you designate. Also as a result of the gift, your heirs may inherit more assets and pay less in taxes.

Ask Us for More Details

If you are considering making a gift under the Pension Protection Act of 2006, it is advisable to discuss your philanthropic goals with your financial advisor to be certain that this is the best plan for you. In addition, we are available and happy to answer any questions you might have.

Remember, this opportunity is limited, and you will need to make your gift on or before Dec. 31, 2007, to qualify.

SAMPLE LETTER: **Request for Direct Charitable** **Distribution From an Individual** **Retirement Account**

Name of IRA administrator
Address
City, State ZIP

RE: Request for direct charitable distribution from an individual retirement account

Dear IRA administrator:

Please accept this letter as my request to make a direct charitable contribution from my individual retirement account number [insert number here] as provided by the Pension Protection Act of 2006. Please issue a direct transfer of funds in the amount of \$_____ payable to [insert official name of charitable organization] (which is a public charity and is not a donor advised fund or a supporting organization) at the following address:

Name of charitable organization
Address
City, State ZIP

Attn: [insert name of organization's development officer]

In your transmittal to the charitable organization, please memorialize my name and address as the donor of record in connection with this transfer, and copy me on the transmittal. It is my intention that this gift complies with IRC 408(d)(8). It is also my intention to have this transfer qualify during the 2007 tax year. Therefore, it is imperative that this distribution be postmarked no later than Dec. 31, 2007.

If you have any questions or concerns regarding this request, I can be reached at [insert your telephone number and/or e-mail address]. Thank you for your prompt attention to and assistance in this matter.

Sincerely yours,

Name of donor
Address
City, State ZIP
Phone number