

She decides to have maximum tax-free distributions made directly from her IRA to charitable interests this year and take full advantage of income and estate tax savings opportunities. As a result, she makes her gifts while assuring a portion of her IRA funds will never be subject to income or estate taxation.

**Example 3:** James, age 72, lives comfortably on his pension, savings and Social Security. When he takes withdrawals from his IRA, he is taxed on those funds, and the additional income also means that more of his Social Security income is taxed. He was pleased to learn that by having his charitable gifts made directly from his IRA this year, he avoids reporting that amount as income, pays no taxes on those funds, and bypasses additional tax on his Social Security benefits.

## ACT NOW FOR GREATEST BENEFIT

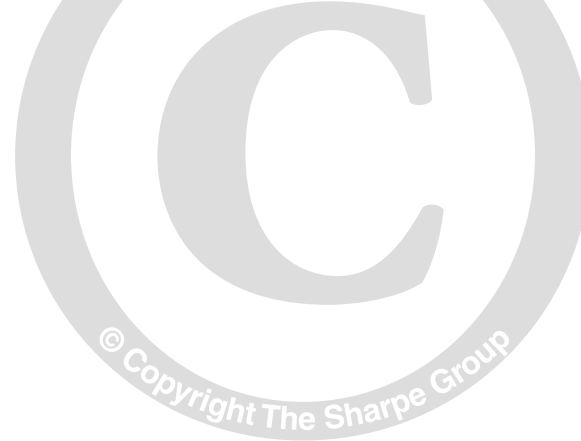
To qualify, charitable gifts must be made directly from a traditional or Roth Individual Retirement Account.

To enjoy the full benefit of the law's provisions for your 2011 gifts, you must complete your transfer prior to

December 31. Check with your advisors about the best ways to take advantage of this giving opportunity.

Keep in mind that everyone's circumstances are different, and state as well as federal income, gift and estate tax laws may affect your plans.

As always, we will be pleased to assist you in any way possible. Please feel free to contact us with any questions.



To order, call  
1-800-238-3253, ext. 0.

**C**ongress has renewed special incentives to make charitable gifts through retirement accounts. Those 70½ years of age or older can once again make tax-free charitable gifts from Individual Retirement Account (IRA) funds.

*Read on for more information on this and other ways to use retirement funds to make tax-efficient charitable gifts.*

## PLAN NOW FOR MAXIMUM SAVINGS

Our nation's tax system has long encouraged charitable giving. For example, gifts to qualified charitable recipients may be deducted from income that otherwise could be subject to tax under federal law and the laws of many states.

However, some taxpayers may encounter limits on the amount of charitable gifts they can deduct and may also see other tax benefits phased out as their incomes increase. Retired persons also may find that increases in income can cause more of their Social Security benefits to be taxed.

Congress has extended special provisions to help those age 70½ and older overcome these and other potential

challenges to giving by allowing tax-free charitable gifts from an IRA.

It is again possible for those with traditional or Roth IRAs to make tax-free gifts directly to qualified charities. Donors may choose to make charitable distributions from their IRA up to a total of \$100,000 this year. A couple with separate IRAs each can make gifts up to \$100,000.

## MOST HEAVILY TAXED ASSETS

Did you know that assets held in Individual Retirement Accounts are not only subject to income tax when withdrawn during one's lifetime or by survivors, but they also may be subject to state and/or federal estate tax if left to loved ones other than a spouse?

The combination of these two taxes could, over time, consume a large portion of amounts remaining in one's IRA.

Those who are concerned about the possibility of these substantial taxes on IRA assets will find the ability to make tax-free IRA gifts of particular interest.

## COULD YOU BENEFIT?

Making gifts from IRA funds that would otherwise lead to increased tax liability may be a wise choice for many.

**Example 1:** Betty and John, ages 71 and 74, are retired and enjoy income from a number of sources, including amounts they are required to withdraw from their IRAs each year. Their IRA withdrawals are fully reportable as part of their adjusted gross income (AGI), causing a number of adverse tax consequences, even when they make charitable gifts using these funds.

This year, they have been advised to contact their IRA administrator and make charitable gifts directly from their IRA. While these gifts do not technically result in an additional tax deduction, they are nevertheless tax free and will count as all or part of their mandatory distributions.

Charitable gifts made in this way also do not count toward limits on deductions and other provisions that might have reduced their tax savings in the past, and they are not subject to withholding tax.

**Example 2:** Barbara, age 81, has been told that her estate could still be subject to federal estate tax and is concerned because the combination of income and estate taxes could consume a large portion of her IRA that was funded through assets from her husband's retirement plan.