

the majority of an IRA that was funded through assets from her husband's retirement plan.

She decides to have 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 these 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 more of his Social Security income is taxed. However, 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. Charitable distributions to one or more charities totaling up to \$100,000 may

be made for 2009 only, unless Congress extends the law to apply to future years.

To enjoy the full benefit of the law's provisions, 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 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.

[This space may  
be used for additional  
personalization]

T H E  
CHARITABLE  
IRA

LOGO

Name of Organization

Address

Phone, etc.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMIX RFSCO, Inc. All Rights Reserved. 8222-09

 This brochure is subject to copyright protection and may not be reproduced without The Sharpe Group's consent.

*Congress took an important step in the fall of 2008 to encourage charitable giving through retirement accounts. Economic stimulus legislation extended special incentives for those 70½ years of age and older to make charitable gifts from what may otherwise be heavily taxed Individual Retirement Account (IRA) funds. In this brochure, we feature 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 interests 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 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. In other cases, they may not be in a position to fully benefit from their charitable deductions.

Congress has now provided a way to help those at least 70½ overcome these and other challenges to giving by making tax-free charitable gifts from an IRA.

It is now 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 in any amount they choose up to \$100,000. A couple with separate IRAs can each make gifts up to \$100,000.

## MOST HEAVILY TAXED ASSETS

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

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 estate tax if left to loved ones other than a spouse?

## COULD YOU BENEFIT?

Making gifts in 2009 from IRA funds that would be subject to such taxes may be a wise choice for many.

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

This year, they have been advised to contact their IRA administrator and make charitable gifts directly from their IRA. While these gifts technically do not result in an additional tax deduction, they are nevertheless tax free. These charitable distributions also do not count toward limits on deductions and other provisions that might have reduced their tax savings in the past, and are not subject to withholding tax.

**Example 2:** Barbara, age 81, has been told that her estate will be subject to taxes and is concerned because the combination of income and estate taxes could consume