

Example 2: Barbara, age 81, has a taxable estate and is concerned by the fact that at her death the combination of income and estate taxes could consume the majority of an IRA that was funded through assets from her husband's retirement plan. She decides to make tax-free distributions to charity in 2008 and 2009 in order to take full advantage of income and estate tax savings opportunities provided under the new law. As a result, she makes special 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. He is required to take minimum withdrawals from his IRA and is taxed on those funds. This distribution also causes more of his Social Security income to be taxed. However, by directing part of his mandatory IRA withdrawal to charity, he avoids reporting that amount as income and does not pay taxes on those funds. He also bypasses additional tax on his Social Security benefits.

ADDITIONAL DETAILS

To qualify, charitable gifts must be made from a traditional or Roth Individual Retirement Account. Charitable distributions to one or more charities totaling up to \$100,000 may be made each year for 2008 and 2009. Check with your advisors to direct IRA funds to the charitable interests of your choice.

ACT NOW FOR GREATEST BENEFIT

To enjoy the full benefit of this opportunity, you must complete this year's 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.



The 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. ©MMVIII RFSCO, Inc. All Rights Reserved. 8222-08

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NEW LAW EXTENDS OPPORTUNITIES

Congress has taken important steps to protect America's financial system while also encouraging additional charitable giving. The Emergency Economic Stabilization Act of 2008 may offer you new opportunities for tax-free charitable giving this year and next.

This law includes incentives for those 70½ years of age and older who would like to make charitable gifts from potentially taxable Individual Retirement Account (IRA) funds.

TAX INCENTIVES FOR IRA GIVING

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

Some taxpayers, however, may encounter limits on the amount of charitable gifts they can deduct and see other benefits phased out as their incomes increase.

Retired persons may also 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.

The Emergency Economic Stabilization Act of 2008 gives those at least 70½ the opportunity to help overcome these and other challenges to giving by making tax-free charitable gifts. Making gifts in 2008 and 2009 from IRA funds that would be subject to tax if withdrawn voluntarily or under mandatory withdrawal requirements may be a wise choice for many.

Congress is allowing these individuals 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 up to \$100,000, if so desired. A couple with separate IRAs could each give up to that amount.

Individuals who are required to take unneeded IRA withdrawals, and others who have experienced limitations on tax benefits in the past, will find the new law of particular interest.

Unchanged is the fact 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 may also be subject to estate tax if left to loved ones other than a spouse. For that reason, IRAs may be a good choice when deciding how to fund charitable gifts.

The provisions of the law will affect individuals in a variety of ways.

Example 1: Susan and Ron, ages 71 and 74, are retired with income from a number of sources, including amounts they must withdraw from their IRAs each year.

Their IRA withdrawal amounts 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 do not technically 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.