Is the Charitable IRA right for you?

In 2006 and 2007, people age 70½ and older can transfer up to $100,000 per year from IRAs to charity—without incurring income taxes today or estate tax in the future.

Should you transfer IRA assets to your community foundation and create a special fund? There are several good reasons to take advantage of this timely opportunity, but there are no easy answers. Use this worksheet to help identify your charitable options. The community foundation and your estate/tax advisor can help you choose the charitable solution that meets your personal, financial and charitable goals.

NAME		ESTATE PLANS	
NET WORTH (attach a detailed balance sheet)	$	Potential Estate Value	$
Total Retirement Assets	$	Distributions:	
IRAs (included in above)	$	Heirs	$
		Charity	$
ESTIMATED ANNUAL INCOME	$	Other	$
IRA/401(k) Distributions (included in above)	$	Estate Taxes	$
ESTIMATED ITEMIZED DEDUCTIONS	$		
Average Charitable Contributions (included in above)	$		

If you answer yes to any of the following questions, you may want to consider transferring assets from your IRA to make a qualifying charitable distribution:

- ☐ 1. Are you planning to leave a charitable legacy through your estate plan?
- ☐ 2. Have you designated your favorite charity as beneficiary of retirement assets?
- ☐ 3. Have your retirement savings and investment growth exceeded your expectations?
- ☐ 4. Are you subject to a charitable deduction limitation by giving more than 50 percent of your income to charity?
- ☐ 5. Do you take the standard deduction on your tax return and make annual gifts to your favorite charities?
- ☐ 6. Do you take the minimum distributions from your IRA but have adequate alternative sources of income?
- ☐ 7. If you take greater distributions from your retirement plans, does doing so affect the amount of Social Security benefits that are taxed? (If income is greater than $32,000 or $44,000, respectively, 50 percent or 85 percent of benefits are taxed.)
- ☐ 8. Do you have adjusted gross income above $150,500 ($75,250 for married filing separately), which causes a phase-out of itemized deductions and personal exemptions?
- ☐ 9. Is there a special cause that you care about?
- ☐ 10. Do you want to know your charitable gift will make the greatest impact?

Though the new legislation has created new charitable possibilities for IRAs, your estate and tax advisors must analyze your unique situation to determine alternative tax advantages with other assets and charitable giving options. You may avoid capital gains tax if you transfer appreciated stock, mutual funds or real estate to your community foundation. Gifts to Donor Advised Funds, Supporting Organizations and private foundations do not qualify for special charitable IRA transfers.

Michigan
community foundations℠

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