

The “Daily Plan-It™”

SULLIVAN & SCHNITTKER, LLC

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Charitable Giving Made Easier

If you're feeling benevolent, 2007 is a good year to tap into your charitable side. The Pension Protection Act of 2006, signed into law on August 17, 2006, created a compelling opportunity for charitable giving.

Qualified Charitable Distributions

If you've reached the age of 70-1/2, you need to take required minimum distributions (RMD) from your IRA. In 2007, you can donate up to \$100,000 from your IRA directly to your favorite charity if it's done as a Qualified Charitable Distribution (QCD). This offers significant benefits to high net worth individuals.

First, the amount that you donate doesn't need to be reported as income, even though it's part of your RMD. As a result, it will have no effect on the taxability of your Social Security benefits. It also will have no bearing on your itemized deductions, or the alternative minimum tax.

Second, this particular charitable donation is not subject to the normal limitations as other donations, which is 50 percent of your adjusted gross income.

Follow the rules

There are three important rules that you must follow if you're considering a QCD:

(1) Only public charities qualify for this donation. No donor-advised funds or private foundations qualify. Also, Charitable Lead Trusts, Charitable Remainder Trusts, Charitable Gift Annuities, or Pooled Income Funds are not eligible for QCDs.

(2) The donation must be made directly from your IRA account to the charity.

(3) Donors aren't allowed to take a tax deduction for this contribution.

Understanding the process

If this type of charitable giving interests you, contact the custodian of your IRA account and let them know that you want a distribution made to the charity of your choice. Have them send you or your financial advisor any required paperwork, as each custodian's will be different. You'll need to indicate on the forms that the payee is someone other than yourself, and also provide their name and address.

Don't forget to alert the charity that your gift is on its way. Make sure that you receive a letter that confirms the amount of your gift, and the date and amount. It should also include specific language indicating that it came directly from your IRA.

It's always a good feeling to give generously to charity. If a QCD is appealing, act now. Unless Congress extends the provision, it will no longer be available after this year.

At Sullivan & Schnitker, we create estate plans tailored to your clients' specific needs and goals. Drawing on listening, counseling, consulting and legal expertise, we learn about your clients' goals, aspirations, concerns and fears. We explore strengths and weaknesses in a comfortable and confidential environment.

That's not all. Our comprehensive team planning approach includes you, your clients' most trusted advisor, whom they rely upon for help and advice.

It all culminates in a well-designed and thoughtful plan, unique to your clients' goals. Your clients achieve peace of mind and they will thank you for it. This results in deeper relationships, more business and happy clients. A genuine "win-win-win" situation.