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For Immediate Release

### **New Tax Bill Includes Help for Charities**

#### *Provision Permits Tax-free Charitable Transfers from IRAs*

Mt. Pleasant, MI – As part of Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, legislators passed a two-year extension of Charitable IRA legislation, making it easier for Americans to give to causes they care about. The Charitable IRA provision, first enacted in 2006, has the power to help local charities strengthen their communities at a time when it is needed most. The extension goes through 2011.

Millions of Americans continue to save pre-tax dollars in individual retirement accounts (IRAs). Thanks to regular investments and long-term returns, an estimated \$4.2 trillion is invested in IRAs. The new law allows taxpayers 70 ½ and older to share the wealth by giving retirement savings directly to charity—and bypassing income tax.

#### **This new law is important to local charities that continue to build community in an uncertain economy.**

The tax benefit expires December 31, 2011. “It is a win-win for people who would rather give to charity than pay taxes and the nonprofit organizations they choose to support,” said Janet Maar Strickler, Development Chair of the Mt. Pleasant Area Community Foundation.

Thanks to decades of deliberate saving, some of today’s retirees have more money in their IRAs than they need for daily living expenses and long-term care. Charitable individuals and couples have expressed an interest in giving the funds to charity, but income tax must be paid on all withdrawals, which reduces the value of the gift. Others are concerned about designating their children as IRA beneficiaries, since that may draw unintended tax consequences.

“For larger estates, a good portion of IRA wealth goes to estate taxes and income taxes of beneficiaries,” Strickler said. “Experts estimate heirs may receive less than 50% of IRA assets that pass through estates.”

A provision in the new federal law extends an option: transferring IRA assets directly to charity. By going directly to a qualified public charity such as the Mt. Pleasant Area Community Foundation, the money is not included in the IRA owner’s income and—most important—is not taxed, preserving the full amount for charitable purposes.

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During 2010 and 2011 only, holders of traditional IRAs who are at least 70½ years old can make direct charitable transfers up to \$100,000 per year. A single person can transfer \$200,000 free from federal tax; a married couple can transfer up to \$400,000 free from federal tax from separate accounts. The Mt. Pleasant Area Community Foundation can help donors execute the transfers and choose from several charitable fund options for their gift. Donor Advised Funds do not qualify for tax-free IRA transfers.

“This really is a limited-time offer: the window is open now, but it may close in another year,” said Strickler. “For anyone interested in establishing a permanent legacy in this community, this is the opportunity of a lifetime to make the gift of a lifetime.”

*Through philanthropic services, strategic grantmaking and community leadership, the Mt. Pleasant Area Community Foundation helps people support the causes they care about, now and for generations to come.*

### **SIDEBAR**

#### **Gift of a Lifetime: Shopping for Charity**

These days, having more retirement money than you need is a great problem to have, and one that's now easier to solve. But generous IRA donors still face multiple options for their gifts: Support the entire community? Underwrite a special cause? Shore up a favorite charity? Here are three top charitable fund picks of Janet Maar Strickler, Development Chair of the Mt. Pleasant Area Community Foundation.

#### ***Unrestricted Fund—Supporting ever-changing community needs.***

IRA transfers to the Unrestricted Fund address a broad range of current and future needs in all of Isabella County. The Mt. Pleasant Area Community Foundation evaluates all aspects of community well-being—arts and culture, community development, education, environment, health and human services—and awards strategic grants to select projects and programs.

*Strickler: “For people who care deeply about this community and its people, this fund is an excellent way to address our most pressing needs, today and tomorrow.”*

#### ***Field of Interest Fund—Connecting personal values to high-impact opportunities.***

IRA transfers to Field of Interest Funds allow donors to target gifts to causes important to them: arts, education, health, senior services, youth welfare and more. The Mt. Pleasant Area Community Foundation awards grants to community organizations and programs addressing the donor's specific interest area.

*Strickler: “For those who are particularly passionate about a single cause, Field of Interest Funds provide strategic, lasting support—even as needs change over time.”*

#### ***Designated Fund—Helping local organizations sustain and grow.***

IRA transfers to Designated Funds allow donors to support the good work of a specific nonprofit organization—a senior center, museum or any qualifying nonprofit charitable organization.

*Strickler: “For people who want to help secure the future of their favorite charities, our endowed Designated Funds give nonprofits a steady stream of income, plus planned giving and investment management services.”*

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**Sources:**

Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division, <http://www.ici.org/pdf/fm-v19n3.pdf>

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