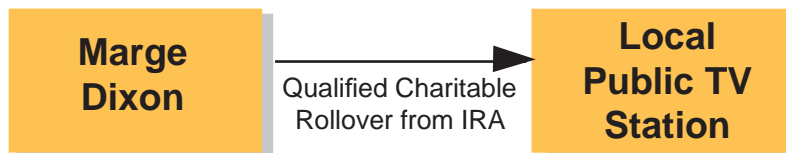


Case Strategy: *IRA Rollover to Charity* *During 2006 - 2011*

DIXON



Marge Dixon turned 71 this year and needs to take her first required minimum distribution from her IRA. Marge always contributed to her company's 401(k) plan and when she retired in 2001, she rolled the balance over to an IRA. With a \$500,000 value in her IRA, her required minimum distribution this year is about \$19,000. Since her retirement, Marge has grown fond of her local public television station and wants to give it \$20,000 this year. Other than making a gift to the TV station, Marge does not need the money from the IRA, but she is uncertain about how the required distribution will affect her income tax situation.

After discussing her goals and concerns with her financial advisors, they inform Marge that recent tax Acts permit rollovers from IRAs directly to most charities without recognition of the income. (See the side box for several restrictions that apply to lifetime IRA charitable rollovers during 2006 - 2011.) Marge instructs her IRA provider to make a \$20,000 direct rollover to the Public TV station.

Marge is pleased to support her public TV station and to resolve her dilemma regarding her required IRA distribution.

Charitable IRA Rollovers

Recent tax Acts allow rollovers from IRAs directly to most charities without recognition of the income when all of the following situations exist:

- The tax year is 2006-2011;
- The donor must be age 70 ½ on or before the date of the rollover;
- A maximum of \$100,000 may be rolled over to charity each year;
- The charity must be a public charity that is not a donor-advised fund or supporting organization;
- The distribution must be a direct trustee-to-charity transfer;
- The entire distribution must otherwise qualify as a deductible contribution (e.g., no benefits returned to the donor);
- The exclusion from gross income only applies to distribution amounts that would be includible in gross income; and
- Rollovers from SEPs and SIMPLEs do not qualify.
- Charitable IRA Rollovers during January 2011 may qualify as a rollover for either 2010 or 2011 for both Required Minimum Distribution (RMD) and Qualified Charitable Distribution (QCD) purposes.

Required
Minimum
Distribution
\$18,868

Income Tax
Deduction
\$0

IRA Rollover
Amount
Included in
Income
\$0

Charity
\$20,000

**For more details about this strategy or
any other charitable trust case, please call
Renaissance at 800.843.0050.**

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This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability of this plan before proceeding.

6100 W. 96th St. • Suite 100 • Indianapolis, IN 46278 • Ph: 800.843.0050 • Fax: 877.222.1829