

How To Make Tax-free Gifts from IRA Accounts During 2011

Tax-free gifts from IRA accounts have been re-authorized by Congress for 2011. If you are age 70 ½ or older, you may wish to take advantage of this important charitable opportunity and let your friends and family know of the advantages of this form of charitable giving.

You can make gifts from your IRA account to one or more nonprofits, such as the Southern Maine Agency on Aging, without having to report the distribution as income on your tax return. And your donation also count against your annual IRA required minimum distribution amount.

Here are some very important details that you should be aware of when considering making a tax-free gift from your IRA account:

- You must be 70 ½ or older when you make your gift, and the gift must be made directly from your IRA;
- No other retirement plans qualify, such as 401K, 403b or SEP accounts;
- Your gift must come to SMAA or other nonprofits directly;
- Since the distribution from your IRA is not recognized as taxable income, you will not be able to receive an income tax charitable deduction for your donation;
- You must make your gift by December 31, 2011;
- Each taxpayer is allowed to donate up to \$100,000 per year through an IRA account:

If you wish to make a gift from your IRA account, it is important to:

- Contact the administrator of your IRA plan to request the actual distribution/gift and ask that it be transferred directly to the nonprofit.
- Contact Peg Brown, Director of Development, to let SMAA know of your intent to make a gift through your IRA distribution. Otherwise we may not be able to identify the gift when it comes to the Southern Maine Agency on Aging.

In December 2010 SMAA received a generous gift for Meals on Wheels from an IRA account that funded the cost of 750 Meals on Wheels. The donor was very pleased to have received the proper instructions to make sure there would be no tax on the drawdown.

The IRA Rollover may provide you with an excellent opportunity to make a gift during your lifetime from an asset that could be subject to multiple levels of taxation as part of our taxable estate: Your gift can be unrestricted or designated to a particular SMAA program.

Sample Letter from Donor to IRA Administrator to Enact a Rollover Gift to Charity

[DATE]

[NAME OF PLAN PROVIDER]

[ADDRESS]

[CITY, STATE, ZIP]

Re: Request for Direct Charitable Distribution
from Individual Retirement Account

Dear Sir or Madam,

Please accept this letter as my request to make a tax-free direct charitable contribution from my Individual Retirement Account as authorized in the recent Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 passed by Congress in December. My account number is:

[INSERT ACCOUNT NUMBER]

Please issue a check in the amount of \$_____ payable to [CHARITABLE ORGANIZATION] at the following address:

[CHARITABLE ORGANIZATION]

[STREET ADDRESS]

[CITY, STATE, ZIP]

In your transmittal to the charity, please state my name and address as the donor of record in connection with this transfer, and copy me on your transmittal. It is my intention that this transfer qualify as a distribution for the 2010 tax year. Therefore, it is imperative that this distribution be postmarked no later than January 31, 2011.

If you have any questions or concerns regarding this request, I can be reached at [TELEPHONE OR E-MAIL ADDRESS].

Thank you for your prompt attention to and assistance with this matter.

Sincerely yours,

[NAME OF DONOR]