

CHAPEL IN THE PINES PRESBYTERIAN CHURCH

Gift giving by Direct Transfer from an IRA

The Tax Relief Act of 2010 provided the opportunity for citizens who must take a required distribution from their IRA to donate some or all of it directly to a charity or non-profit organizations such as Chapel in the Pines and not have to declare it as taxable income. This opportunity will stop at the end of 2013 unless Congress extends it for a longer period, which they have previously done. So if you can answer yes to the following three questions, this law provides you with an opportunity to reduce your income tax burden this year and perhaps in the future:

1. Do you have an IRA?
2. Are you 70 ½ or older?
3. Do you take a standard deduction on your tax return rather than itemize your deductions?

If you take a standard deduction rather than itemize your deductions, your tax bill is reduced by the amount of tax you would otherwise have to pay on your church contribution. Although each individual has a slightly different tax situation, the example below shows a typical tax savings by making an IRA direct transfer:

	<u>\$3,000 donated directly to CITP</u>	<u>\$3,000 donated to CITP via Direct Transfer</u>
Gross income	\$40,000	\$40,000
IRA Direct Transfer Donation	\$0	\$3,000
Adjusted Gross Income	\$40,000	\$37,000
Standard Deduction	\$19,500	\$19,500
Taxable Income	\$20,500	\$17,500
Approx. Fed. And State Taxes due	\$3,951	\$3,291
Tax Savings from Donation	\$0	\$660

How do you make a direct transfer from your IRA? It is quite simple. Just ask the investment organization holding your IRA to send you the form that directs them how much you want to donate from your IRA and the non-profit to which you want it sent. If you don't prepare your taxes yourself, ask your tax preparer if this approach could save you money.