

# Advisor RESOURCE

## Help Your Clients Make the Gift of a Lifetime Giving Retirement Assets to Charity, Tax Free

By John Kirsch, Kirsch CPA Group

*“Individuals who may benefit most from this include the two-thirds of Americans who do not itemize their deductions. This tax law gives donors the equivalent of a tax deduction for charitable gifts that they transfer from their IRAs.”*

—John Kirsch, CPA

A recent change in the tax law allows qualified American seniors to make tax efficient charitable contributions from their individual retirement accounts (IRAs). Qualified IRA holders can transfer up to \$100,000 annually without incurring income taxes today or estate and income taxes in the future. If married, each spouse can transfer up to \$100,000 from his or her IRA annually.

Americans age 70½ or older can make tax-free IRA contributions to certain public charities such as Field of Interest, Unrestricted or Designated funds at the community foundation. Gifts to Donor Advised Funds, Supporting Organizations and private foundations do not qualify for preferential tax treatment.

The benefit of this provision is that the IRA distribution is completely excluded from income. This is the equivalent of a 100% income tax deduction. The donor’s

income will not be impacted by various unfavorable provisions that reduce or eliminate otherwise available deductions based on the level of adjusted gross income (AGI). Finally, it effectively allows a deduction for states such as Ohio that otherwise do not allow a deduction for charitable contributions.

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### Client who may benefit from this strategy

- Have retirement savings that won’t be needed for living expenses.
- Are subject to a 50 percent of income charitable deduction limitation.
- Take the standard deduction on their tax return.
- Accept minimum distributions from an IRA and have alternate sources of income.
- Are planning to leave a charitable legacy through an estate plan.
- Have designated a favorite charity as beneficiary of retirement assets.
- Have a charitable intent.

**Example:** Mr. Smith, age 75, has accumulated approximately \$2,000,000 in his IRA accounts. He has other sources of wealth and plans to leave a sizable estate to his heirs and charity. Under the renewed law, Mr. Smith can create a fund at the community foundation to address the causes he cares about most by transferring IRA funds tax free. Mr. Smith can transfer up to \$100,000 annually. If Mr. Smith is married, his wife can also make a similar gift from her IRA accounts.

## Help your clients make the gift of a lifetime...

*continued*

“The community foundation can help your clients fulfill their charitable goals. This is the opportunity of a lifetime to make the gift of a lifetime,” says John Guidugli, president and CEO, Hamilton Community Foundation.

**Though the legislation has extended charitable possibilities for IRAs, it remains prudent for wealth advisors to analyze each client’s unique situation to determine the best assets to give.** If a client wishes to liquidate appreciated stock, mutual funds or real estate, capital gains may be avoided by contributing these assets to the community foundation. Appreciated assets are sometimes preferable over IRAs for passing on to heirs.

### **The Hamilton Community Foundation can help you meet your charitable goals through Charitable IRA Transfers.**

Charitable IRA transfers are just one way the community foundation can work with you to help your clients achieve their personal, financial and charitable goals. They are a single, trusted vehicle your clients can use to address the

issues they care about most, while gaining maximum tax benefit under state and federal law. To learn how the Community Foundation can help with the IRA or other giving strategies, contact us (513) 863-1717 or go to our website:  
[www.hamiltonfoundation.org](http://www.hamiltonfoundation.org).

*John Kirsch is managing director of Kirsch CPA Group. He serves on the Hamilton Community Foundation’s Board of Trustees.*

*GiftLaw  
available at  
Hamilton  
foundation.  
org*

### **Resources available to help you help your clients!**

The Hamilton Community Foundation offers a variety of free resources to help you advise your clients about the benefits of charitable giving, such as one on one consultation with you and your clients and printed brochures about charitable giving options.

The Foundation also offers a free weekly gift planning e-newsletter, GiftLaw. Provided by Crescendo Interactive, GiftLaw is available through our website. It helps you stay connected to important new legislation, IRS private letter rulings and other articles on charitable giving topics.

For more information about ways to partner with the Hamilton Community Foundation, call Betsy Hope at 513-863-1717. Or, visit the “For Advisors” section of our website.

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