

Charitable IRA Rollovers *(Qualified Charitable Distributions)*

What is a Charitable IRA Rollover? Is this something that you might consider?

If you have a large part of your wealth tied up in Qualified Retirement Plans (401k, IRA, etc.) and you are considering making a donation to your favorite charity, a Charitable IRA Rollover may be an option to consider. A tax infested IRA is the best asset to give to charity and, for a short time, it can be done tax free, during your lifetime. But you need to act quickly because, unlike other provisions of the Internal Revenue Code (SEC. 408(d)(8)), this one expires at the end of 2007. Under this provision, the donation must be made directly from your IRA to a charity without you or anyone else touching the money in between. If you currently have your money inside of a 401k, you may “roll” these funds into an IRA, and then proceed with the contribution to charity. A Charitable IRA Rollover is allowable for anyone over the age of 70 ½ and your “Charitable Distribution” from the IRA will be “tax free” and does not need to be reported as income. Ordinarily, any money that leaves an IRA is subject to the income tax rates that apply to you for the year in which the “distribution” is made. In addition to the “tax free” benefits, this distribution may be considered part of your Required Minimum Distribution (RMD) for the year in which it is made. The limit on the amount of money that is allowable for such a contribution is amounts up to \$100,000 per participant.

A Qualified Charitable Distribution from your IRA will satisfy your required minimum distribution, can lower your income and possibly lower the tax you pay on Social Security income. You may also be able to nullify the loss of tax deductions, exemptions and tax credits that are lost when your income is increased. If you normally make, or are considering making, charitable donations, you should consider making those donations from your IRA.

If you take a Standard Deduction, are a High Income Taxpayer, have your contribution deduction limited by the 50% AGI Limitation, live in a state that does not permit a State Tax Deduction for Charity or have most of your money in an IRA, you have a limited time left to take advantage of this opportunity.

Or, if you are just considering making a contribution to your favorite charity, a Charitable IRA Rollover may make it possible to do so during your lifetime. By doing so, you may be able to watch the benefits of your charitable contribution for years to come.

James R. Kidwell, CLU
ProEquities, Inc. Investment Advisor Representative

11777 Katy Freeway, Ste. 156 S.
Houston, TX 77079
Office: (281) 556-1307 Fax: (281) 556-5226
Web Site: www.kidwellandcompany.com