

New Ways to Give

You can use your IRA for charitable giving

Donating your IRA assets to a worthy cause while you are living is a pretty simple undertaking. Just take a distribution and donate it to charity. After all, that's the only way to do it, right?

In fact, for certain taxpayers, more choices are now available. The recently enacted Pension Protection Act of 2006 (PPA) gives some taxpayers a more attractive alternative.

Under the old rules, when you want to donate a portion of your IRA assets, you first withdraw cash or assets from the IRA. The withdrawal is taxed as ordinary income, but if you are over age 59½, you don't have to pay the additional 10 percent early withdrawal penalty. Then, you can make a charitable donation for which you may be able to take a charitable deduction. Unfortunately, the income tax and penalty due on the withdrawal may not be completely offset by the charitable deduction because charitable deductions are limited. To claim a charitable deduction, you must generally be able to itemize and then the deduction will be subject to two ceilings.

The first ceiling is based on the type of charity: either a 50 percent or 30 percent charity. The percentage refers to the maximum percentage of adjusted gross income (AGI) that may be written off as a charitable deduction in any one year. Unused deductions retain their character and may be carried forward for five years. Fifty percent charities include churches, schools, hospitals, endowment foundations, private grant-making foundations and

community chests. Thirty percent charities include veterans' organizations, private nonoperating foundations, fraternal organizations and cemeteries. IRS publication 78 provides a listing of all recognized 50 and 30 percent charities.

The second ceiling is based on AGI. When AGI exceeds certain thresholds, charitable deductions are reduced by 2 percent (for 2006 and 2007—it was 3 percent previously) of the amount by which AGI exceeds the threshold. There are other rules that come into play. The point is, the charitable deduction will not completely offset the income tax obligation on the IRA withdrawal.

NEW RULE FOR TAX-FREE DONATIONS

PPA—the new rules—allows certain taxpayers to make a tax-free qualified charitable donation of their IRA assets in 2006 and 2007. IRA owners who have attained age 70½ are permitted to take a tax-free IRA withdrawal of up to \$100,000 annually when the amount withdrawn is donated to a qualified charity. So what's the trade off? No charitable deduction is allowed. That's more than fair market value from the point of view of these donor taxpayers as they come out ahead, especially when you consider that the qualified charitable



To Make a Gift

To find out how you can help maintain the health and well-being of North Brevard residents through charitable giving, call the Jess Parrish Medical Foundation at 321-269-4066.

donation may be used to satisfy any Required Minimum Distribution requirement for the tax year.

However, there are some specified criteria that must be met for the donation to be a qualified charitable donation. As previously mentioned, the qualified charitable donation must be made after the donor taxpayer has attained age 70½. The charity must be a qualified charity. The withdrawal must be paid directly to the qualified charity from the IRA. And this attractive new law is only in effect for 2006 and 2007.

There are other requirements that can't be adequately addressed in this brief article. There are also many factors in deciding whether to make a lifetime donation of IRA assets or non-IRA assets, including availability or lack of state income tax breaks for charitable donations, the fact that the new law does not apply to donations from SEP IRAs or SIMPLE IRAs, and the ability to itemize deductions. So, when you consider taking advantage of this new law, please consult your financial planner. ■

Jess Parrish Medical Foundation's Planned Giving Committee

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Rachel Terry Receives Titusville Community Service Award

Rachel Terry, administrative assistant/liaison to the Parrish Medical Center Auxiliary and Medical Staff, was named co-winner of the Titusville Community Service Award at Flag Day ceremonies held on Thursday, June 14. Charles Mars was her co-winner.



Rachel Terry

This annual award is presented in honor of the Rev. Harry R. Lee, who served the community as city chaplain and employee adviser, and was the chaplain for Sertoma Club and the Titusville Area Chamber of Commerce.

Terry has been involved with the Jess Parrish Medical Foundation (JPMF) since its formation and has served on its board since 1999 as well as co-chairing the new Annual Gifts Committee. Through her efforts, JPMF and PMC initiated the Gift of Light in 1989 that continues as one of North Brevard's favorite community holiday events, and which also raises funds for health-

care programs. Terry has been at PMC for 43 years.

In the community, she participates in the Stop Gap program and the Pilot International club. She also serves on the board of directors for the Brevard Alzheimer's Foundation and volunteers at the monthly respite care program at the Children's Center.

JPMF Executive Director Laurie Smirl nominated Terry for this honor.

Gift of Light Celebration

PARRISH MEDICAL CENTER, SUNDAY, DEC. 2

Join us for the annual tree lighting ceremony at Parrish Medical Center. The event includes a musical celebration, homemade treats and tree lighting.

For more information or to make a Gift of Light in someone's name, contact the Jess Parrish Medical Foundation at **321-269-4066**.

