

Using your IRA tax efficiently

Individuals spend a lifetime saving their funds for future use. Individual Retirement Accounts, affectionately known as 'IRA's', have provided for years of retirement income for individuals and families for years since their creation in the 1970's.

How can you use your IRA if you are charitably inclined? There are two ways to think of your IRA assets and how they can be used for charitable purposes. The first is to look at an IRA as a *current* source of charitable giving. Secondly, you can pass an IRA to a charity in the *future*, after you are gone.

Addressing the 'Present'

First, tax laws have been extended allowing individuals to make charitable IRA distributions to a non-profit organization such as Hospice of Northwest Michigan. For individuals looking to satisfy their Required Minimum distributions, or for individuals willing to be charitably inclined, they have the ability to direct their financial institution to distribute funds directly to Hospice of Northwest Michigan. This distribution is not taxable to the donor. This is a direct distribution to our organization through a 'charitable distribution.'

There are a few requirements that need to be met before you are eligible for this type of distribution. First, you need to have income below \$100,000 per year. Second, you need to be above the age 70 ½ in order to be eligible for this benefit. This tax rule isn't going to be around forever, and from what we can tell the new administration seems to be limiting the potential deduction for future charitable contributions. This rule was originally created in 2006, and was recently extended to include 2009. At this point, there is no discussion whether or not it will be extended beyond 2009.

On a related note, the IRS is not requiring individuals above the age 70 ½ to take distributions for 2009. This was suspended for 2009 only. Some individuals have 're-directed' their *required* distribution to become a *charitable* distribution in order to include Hospice of Northwest Michigan. We are grateful for those individuals, and would be happy to work with you and your financial institution in order to facilitate your wishes.

Addressing the 'Future'

Secondly, appointing Hospice of Northwest Michigan as a beneficiary of your IRA can be an equally important way to leave your financial assets in accordance with your wishes. Beneficiary designations are a tax-friendly way to fund your charitable intentions. Individual beneficiaries, such as children and other family members, pay taxes on IRA assets that are left following your death. As a non-profit entity, Hospice of Northwestern Michigan does not pay income tax on any assets you choose to leave to our organization. If you are considering the addition of Hospice to your beneficiary documentation, please let us know. We are happy to help facilitate your request. Your financial institution does not charge you for this change, and there is no requirement to prepare additional documentation through a legal professional.