

Who should take advantage of the IRA charitable rollover?

Last year's tax law extended the "charitable IRA rollover" rule through the end of 2011. Taxpayers who are 70½ or older may make tax-free distributions of up to \$100,000 directly to a charity from their IRA. The rollover fulfills the required minimum distribution (RMD) rule, and the rollover amount is not included in taxable income.

If you or someone in your family could qualify to make a charitable IRA rollover, should it be considered? Here are some of the situations in which this tax break could be beneficial.

- * You have to take the RMD, but you don't need the money and you don't want to pay tax on the distribution.
- * You want to give to charity, but you don't itemize deductions so any contribution you make would not be tax-deductible.
- * You do itemize deductions, but your charitable contribution deduction would be affected by the 50%/30% of AGI limit.
- * Having to include your RMD in income would result in the phasing out of other deductions and credits based on adjusted gross income.

The charitable IRA rollover is a powerful tool for tax planning. But remember, as it now stands, this provision will expire December 31, 2011. Give me a call if you would like to analyze whether this option makes tax sense for you or a family member.