

## TOOLS FOR GIVING

# The opportunity of a lifetime to give the gift of a lifetime

## Tax-free Charitable IRA



**Transfer up to \$100,000** from your individual retirement account to charity this year—*tax-free. A new law, enacted for 2006 and 2007 only, allows you to give more to charity and pay less in taxes.*

### How it works

- By December 31, 2006, you make a gift of up to \$100,000 by transferring IRA assets to your community foundation. You must be 70 1/2 years old. If married, each spouse can transfer up to \$100,000 from his or her IRA.
- Your gift can be placed into a charitable funds in your name, the name of your family, or in honor of any person or organization you choose. We handle all administrative details.
- Your gift can be placed into an endowment that is invested and will grow over time. Grants addressing community needs will be made forever.
- Between January 1 and December 31, 2007, you may transfer an additional \$100,000.

### Choose a fund

**Unrestricted Fund**—Address a broad range of current and future needs. The community foundation awards strategic grants to select projects and programs.

**Field of Interest Fund**—Target your gifts to causes important to you. The community foundation awards grants to programs addressing your specific interest area.

**Designated Fund**—Support the good work of a specific nonprofit organization with a source of income, plus planned giving and investment management services.

### Choosing charity over tax

“We saved very carefully for so many years. In fact, we wound up with more than we needed during our retirement,” said Anna Henderson. “We had even set aside assets for our children—enough to give them a nice inheritance when we pass on.” Instead of leaving their children 42 percent of their retirement assets (after estate and the heirs’ income taxes) the Hendersons decided to transfer 100 percent of these funds to their community foundation. The community foundation received their gift, tax free, and helped them establish the Henderson Family Fund, a Field of Interest Fund. “It feels good to make this gift during our lifetime,” said Stephen. “We enjoy seeing the difference our gift is making to some key health issues in our community.”

*The Portsmouth Community Foundation  
Connecting Caring People With Community Needs Since 1965  
Phone: 397-5424  
Offices: 360 Crawford Street*

### Ten reasons people choose to give through community foundations

#### one

We are a **local organization** with deep roots in the community.

#### two

Our professional program staff has **broad expertise** regarding community issues and needs.

#### three

We provide highly **personalized service** tailored to each individual's charitable and financial interests.

#### four

Our funds help people **invest in the causes** they care about most.

#### five

We accept a wide **variety of assets** and can facilitate even the most complex forms of giving.

#### six

We partner with **professional advisors** to create highly effective approaches to charitable giving.

#### seven

We offer maximum **tax advantage** for most gifts under federal law.

#### eight

We **multiply the impact** of gift dollars by pooling them with other gifts and grants.

#### nine

We build **endowment funds** that benefit the community forever and help create personal legacies.

#### ten

We are a **community leader**, convening agencies and coordinating resources to create positive change.

### More benefits

We can make your charitable IRA transfer easy, flexible and effective, helping you achieve your personal charitable goals *and* financial goals. We are happy to answer your questions and complete all required paperwork; or, if you prefer, we can consult with your financial advisor or estate planner to recommend a solution that's right for you and your family.

You can transfer excess retirement assets up to \$100,000 per year, in 2006 and 2007, directly and easily to the community foundation. The transaction incurs no federal income tax, and the asset is no longer part of your estate for tax purposes. You can choose to give during your lifetime so that you (and your community) can see results sooner than if your gift had been made through the plan.

Larger estates face confiscatory tax rates of up to 75 percent if IRA funds are left to a dependent or family member (other than a spouse). Any amounts left in an IRA when an individual dies may be taxed as income to the beneficiary and are also considered assets for the purpose of calculating that person's estate tax liability. When you give your IRA to charity, your heirs are not burdened by the taxes associated with receiving your IRA upon your death. Instead, you can leave them other assets that have a more favorable tax treatment.

*Community foundations provide a simple, powerful and highly personal approach to giving. We offer a variety of giving tools to help people achieve their charitable goals.*

*You can make a gift of IRA, cash, stocks, bonds, real estate or other assets to your community foundation. Most charitable gifts qualify for maximum tax advantage under federal law. For more information and ideas on ways to integrate your financial planning with charitable giving, ask your financial advisor or contact your community foundation.*

# Is the Charitable IRA right for you?

In 2006 and 2007, people age 70½ and older can transfer up to \$100,000 per year from IRAs to charity—without incurring income taxes today or estate tax in the future.



Should you transfer IRA assets to your community foundation and create a special fund? There are several good reasons to take advantage of this timely opportunity, but there are no easy answers. Use this worksheet to help identify your charitable options. The community foundation and your estate/tax advisor can help you choose the charitable solution that meets your personal, financial and charitable goals.

NAME _____		ESTATE PLANS _____	
NET WORTH (attach a detailed balance sheet)	\$ _____	Potential Estate Value	\$ _____
Total Retirement Assets	\$ _____	Distributions: _____	
IRAs (included in above)	\$ _____	Heirs	\$ _____
ESTIMATED ANNUAL INCOME	\$ _____	Charity	\$ _____
IRA/401(k) Distributions (included in above)	\$ _____	Other	\$ _____
ESTIMATED ITEMIZED DEDUCTIONS	\$ _____	Estate Taxes	\$ _____
Average Charitable Contributions (included in above)	\$ _____		

If you answer yes to any of the following questions, you may want to consider transferring assets from your IRA to make a qualifying charitable distribution:

- 1. Are you planning to leave a charitable legacy through your estate plan?
- 2. Have you designated your favorite charity as beneficiary of retirement assets?
- 3. Have your retirement savings and investment growth exceeded your expectations?
- 4. Are you subject to a charitable deduction limitation by giving more than 50 percent of your income to charity?
- 5. Do you take the standard deduction on your tax return and make annual gifts to your favorite charities?
- 6. Do you take the minimum distributions from your IRA but have adequate alternative sources of income?
- 7. If you take greater distributions from your retirement plans, does doing so affect the amount of Social Security benefits that are taxed? (If income is greater than \$32,000 or \$44,000, respectively, 50 percent or 85 percent of benefits are taxed.)
- 8. Do you have adjusted gross income above \$150,500 (\$75,250 for married filing separately), which causes a phase-out of itemized deductions and personal exemptions?
- 9. Is there a special cause that you care about?
- 10. Do you want to know your charitable gift will make the greatest impact?

*Though the new legislation has created new charitable possibilities for IRAs, your estate and tax advisors must analyze your unique situation to determine alternative tax advantages with other assets and charitable giving options. You may avoid capital gains tax if you transfer appreciated stock, mutual funds or real estate to your community foundation. Gifts to Donor Advised Funds, Supporting Organizations and private foundations do not qualify for special charitable IRA transfers.*

# Make a difference with your Charitable IRA

In 2006 and 2007, people age 70½ and older can transfer up to \$100,000 per year from individual retirement accounts (IRAs) to charity—without incurring federal income taxes today or estate and income taxes in the future.

### **Portsmouth Community Needs Fund** *Meeting ever-changing community needs.*

IRA transfers to the *Portsmouth Community Needs Fund* address a broad range of current and future needs. The Portsmouth Community Foundation evaluates all aspects of community well-being—arts and culture, community development, education, environment, health and human services—and awards strategic grants to select projects and programs.

**Purpose:** *advances the core mission of The Portsmouth Community Foundation*

**Amount:** *any amount qualifies; named fund available for gifts of \$10,000 or more*



### **Field of Interest Fund** *Connecting personal values to high-impact opportunities.*

IRA transfers to Field of Interest Funds allow you to target gifts to causes you care about: arts, AIDS services, urban education, neighborhood revitalization, youth welfare and more. The Portsmouth Community Foundation awards grants to community organizations and programs addressing your specific interest area.

**Purpose:** *specific field of community interest consistent with mission of The Portsmouth Community Foundation*

**Amount:** *any amount qualifies; named fund available for gifts of \$10,000 or more*

- |  |   |
|--|---|
| <input type="checkbox"/> Freddie Cobb Playground Fund    | <input type="checkbox"/> Portsmouth Parks Fund            |
| <input type="checkbox"/> Homelessness Fund               | <input type="checkbox"/> Children with Special Needs Fund |
| <input type="checkbox"/> The Impact Fund (young leaders) | <input type="checkbox"/> Other _____                      |

### **Designated Fund** *Helping local organizations sustain and grow.*

IRA transfers to Designated Funds allow you to support the good work of a specific nonprofit organization—a senior center, museum or any qualifying nonprofit charitable organization.

**Purpose:** *support one qualifying nonprofit organization*  
Organization \_\_\_\_\_

**Amount:** *any amount qualifies; named fund available for gifts of \$10,000 or more*

### **Custom Fund**

We're happy to work with you to establish the unique charitable fund that accomplishes your financial and philanthropic goals.

*The above funds qualify for charitable distributions from individual retirement accounts (IRAs) as outlined in Sec. 1201 of the Pension Protection Act of 2006 and Sec. 408(d)(8) of the Internal Revenue Code of 1986; others may qualify as well. Gifts to Donor Advised Funds, Supporting Organizations and private foundations do not qualify for special charitable IRA transfers.*

# Donate Your IRA For Your Favorite Charity

THE PORTSMOUTH COMMUNITY FOUNDATION

## *Donating your IRA to charity is a smart way to give*

*Remember the meetings you had with your estate planning advisors—your lawyer, your accountant, your tax advisor, and maybe your investment advisor—and you had choices to make. Some were difficult and some were not. Well, here's an idea you may not have heard about, and I'll tell you why I think it's a good idea.*

*Your IRA is there for you during your retirement years. It was a smart investment on your part. Maybe you named your children or some other loved one that is special to you as the beneficiary. Keep in mind that your IRA comes encumbered. You didn't pay income tax on the amount you put into the IRA, but we all know that Uncle Sam wants his money now or later.*

*Let's say you named your children as beneficiaries. Your children will have to pay income tax on the amount they inherit from your IRA.*

*Think about this—Name The Portsmouth Community Foundation the beneficiary of your IRA to establish an endowment fund for your favorite charity. If you do, the Foundation will not pay tax because we are exempt from taxes. The full value of your IRA will be used to support the charitable causes you care about most. You may name the charity or cause you wish to support or you may wish to let the Foundation use the funds for the most pressing needs in our community. Of course, we will do this in your name, if you like. Consider this as a way to continue building your legacy.*

*The Portsmouth Community Foundation has been addressing needs in our community since 1965, and your money will be left in good hands. Our Investment Committee works hard to ensure donated dollars are invested wisely and are here when the community needs them.*

*If this is something about which you are interested, please discuss this with your advisors. This is just one option most philanthropic people consider.*

*Please visit our website for information about other options that might be appropriate for you. You might recommend your advisors visit our website also.*

Connecting Caring People With Community Needs Since 1965

Judi E. Luffman, Executive Director  
Phone: 397-5424