



**Farmington
Village Green
and Library
Association**

FVGLA E-News – designed to help you in your planning and discussions with others about our mission.

December 2008

Why do retirement plan assets make good charitable gifts?

During December we can be inundated with appeals for money from myriad nonprofit causes which need our support. Some we have donated to in the past. Others are similar to our favorite causes. Still others we may not have a personal interest in, but they are hoping that our charitable nature will extend to them, too.

An important consideration before you give is what to give. Most people give from their discretionary funds by writing a check or donating by credit card. But giving another type of asset may make better sense for you.

Recently, when President Bush signed the economic bailout bill (H.R. 1424), he included in it a two-year extension of the IRA Rollover Provision. The provision will be made retroactive to Jan. 1, 2008 and apply to gifts made from that date through Dec. 31, 2009. The provision exempts from taxable income any funds transferred (“rolled over”) from an Individual Retirement Account (IRA) to a charitable organization.*

Why give a gift from your IRA rather than leave it in your will for your loved ones? Because the IRA balance may be doubly taxed at your death. It can be subject to estate taxes (at an assumed rate of 45%) and state and federal taxes (at an assumed rate of 35%). This makes it an effective gift for your charity of choice, while leaving other, less heavily-taxed assets to heirs.

If you are at a point where you need to take minimum distributions, using your IRA to make a donation may be the perfect answer.

For specific examples or more information, contact Via A. Garafola, development director, at 860-673-6791, ext 214. Or, email FVGLA@farmingtonlibraries.org. **All calls are held in the strictest confidence.**

** Some limitations apply: The donor must be age 70½ or older; the cap on annual IRA rollovers is \$100,000; the contribution must be a direct gift to a charity (no planned gifts); the provision expired at the end of 2007, but plans are to reinstate it and make it permanent.*

This message is one of a series intended to be a resource in your planning. The publisher is not engaged in rendering legal or tax advice. For advice in your specific case, contact your attorney or financial planning professional.

The Farmington Village Green and Library Association, established in 1901, helps to preserve the quality of life and cultural history of Farmington through an endowment that supports the Farmington and Barney Libraries, Stanley-Whitman House, the Village Green and Memento Mori Cemetery. You may direct a charitable gift to benefit one of these, or restrict it to the FVGLA endowment which allows its board of trustees to use your gift where there is the greatest need in any particular year. Contact us for more information, or visit us

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