



**COMMUNITY FOUNDATION  
OF CHARLES COUNTY**  
*Building Communities Within*

For Immediate Release

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**Provisions Permits Tax-Free Charitable Transfers from IRAs**

Waldorf, Maryland – As part of Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010, legislators passed a two-year extension of Charitable IRA legislation, making it easier for Americans to give to causes they care about. The Charitable IRA provision, first enacted in 2006, has the power to help local charities strengthen their communities at a time when it is needed most. The extension goes through 2011.

Millions of Americans continue to save pre-tax dollars in individual retirement accounts (IRAs). Thanks to regular investments and long-term returns, an estimated \$4.2 trillion is invested in IRAs. The new law allows taxpayers 70 ½ and older to share the wealth by giving retirement savings directly to charity—and bypassing income tax.

This new law is important to local charities that continue to build community in an uncertain economy. The tax benefit expires December 31, 2011.

“It is a win-win—for people who would rather give to charity than pay taxes and the nonprofit organizations they choose to support,” said Gretchen Hardman, Executive Director of the Community Foundation of Charles County.

Thanks to decades of deliberate saving, some of today’s retirees have more money in their IRAs than they need for daily living expenses and long-term care. Charitable individuals and couples have expressed an interest in giving the funds to charity, but income tax must be paid on all withdrawals, which reduces the value of the gift. Others are concerned about designating their children as IRA beneficiaries, since that may draw unintended tax consequences.

A provision in the new federal law extends an option: transferring IRA assets directly to charity. By going directly to a qualified public charity such as the Community Foundation of Charles County, the money is not included in the IRA owner’s income and—most important—is not taxed, preserving the full amount for charitable purposes.

Until December 31, 2011 only, holders of traditional IRAs who are at least 70½ years old can make direct charitable transfers up to \$100,000 per year. A single person can transfer \$200,000 free from federal tax; a married couple can transfer up to \$400,000 free from federal tax from separate accounts. The Community Foundation of Charles County can help donors execute the transfers and choose from several charitable fund options (for more information on types of charitable funds call the Community Foundation of Charles County) and give to your favorite nonprofit. Especially those

nonprofits who do not have investment managers in place that can handle this type of transaction. Donor Advised Funds do not qualify for tax-free IRA transfers.

“This really is a limited-time offer: the window is open now until December 31, 2011” said Hardman. “For anyone interested in establishing a permanent legacy in this community, this is the opportunity of a lifetime to make the gift of a lifetime.”

Through philanthropic services, strategic grant making and community leadership, the Community Foundation of Charles County helps people support the causes they care about, now and for generations to come.

## **SIDEBAR**

### **Gift of a Lifetime: Shopping for Charity**

These days, having more retirement money than you need is a great problem to have, and one that’s now easier to solve. But generous IRA donors still face multiple options for their gifts: Support the entire community? Underwrite a special cause? Shore up a favorite charity? Here are three top charitable fund picks of Gretchen Hardman of the Community Foundation of Charles County.

#### ***Community Foundation of Charles County Community Grant Fund -- Meeting ever-changing community needs.***

IRA transfers to the Community Grant Fund address a broad range of current and future needs. Community Foundation of Charles County evaluates all aspects of community well-being—arts and culture, education and scholarships, environment, general community improvements, health and wellness and youth initiatives—and awards strategic grants to select projects and programs.

*Hardman, “For people who care deeply about this community and its people, this fund is an excellent way to address our most pressing needs, today and tomorrow.”*

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

IRA transfers to Field of Interest Funds allow donors to target gifts to causes important to them: arts and historic heritage, education and scholarships, environment, housing, transportation, recreation, health, youth initiatives and more. Community Foundation of Charles County awards grants to community organizations and programs addressing the donor’s specific interest area.

*Hardman, “For those who are particularly passionate about a single cause, Field of Interest Funds provide strategic, lasting support—even as needs change over time.”*

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

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

*Hardman: “For people who want to help secure the future of their favorite charities, our endowed Designated Funds give nonprofits a steady stream of income, plus planned giving and investment management services.”*

## **Sources:**

Gretchen Hardman, Community Foundation of Charles County, 301.885.0108.

Council on Foundations, Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, and Internal Revenue Service Statistics of Income Division, <http://www.ici.org/pdf/fm-v19n3.pdf>

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