

# VISIONS

Charitable Estate & Financial Planning Ideas from The Rotary Foundation



## CHARITABLE IRA GIFTS—

## AND THEIR TAX BENEFITS, ARE HERE TO STAY!

*Installing bio-sand water filters in the Dominican Republic, like the one shown here, has been a passion for PDG Bill Dimond. So has giving to the Foundation through IRA gifts. See Page 4 for more.*

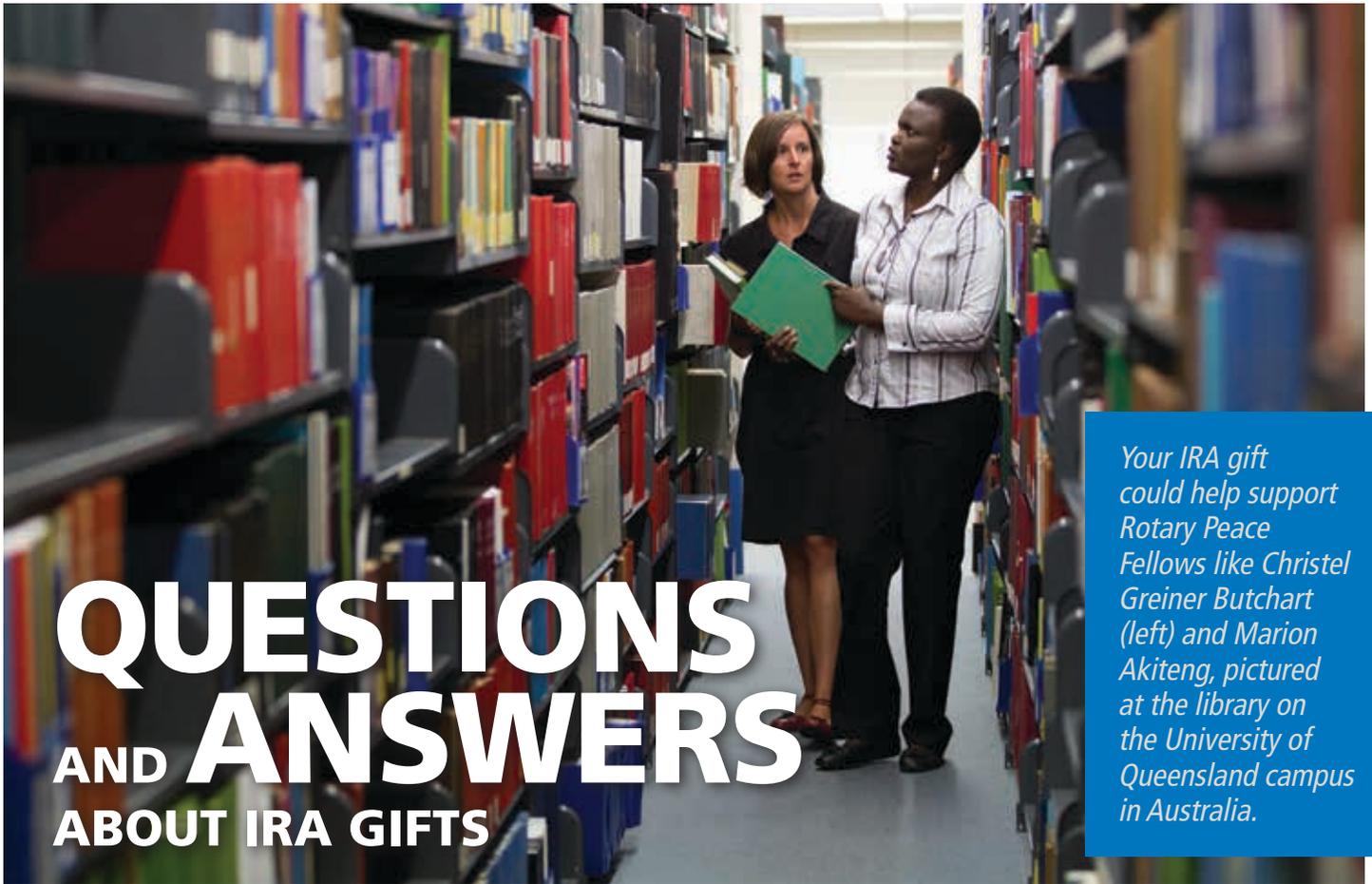
**For those age 70½ and older, it is now possible to make tax-free charitable gifts directly from Individual Retirement Accounts (IRAs).** This giving option had been available at times in the past and was made permanent in December 2015.

If you have a traditional (or Roth) IRA, you can now make gifts directly to The Rotary Foundation using funds that might otherwise be taxed when withdrawn. You may choose to make charitable gifts directly from an IRA up to a total of \$100,000 per person, per year.

By giving directly from your IRA, you also won't increase your adjusted gross income or possibly subject your Social Security to a higher level of taxation.

**Another advantage: Your gift will count toward your Required Minimum Distribution** and you can avoid taxes on income while you help Rotary improve communities around the world.

Read on to learn how two Rotarians are utilizing IRA gifts to support The Rotary Foundation.



# QUESTIONS AND ANSWERS ABOUT IRA GIFTS

*Your IRA gift could help support Rotary Peace Fellows like Christel Greiner Butchart (left) and Marion Akiteng, pictured at the library on the University of Queensland campus in Australia.*

## **Q: Who should consider making charitable gifts from their IRA?**

**A:** If you are 70½ or older and have a traditional or Roth IRA, a charitable gift from your IRA may be a good way to make your gifts to Rotary and to other causes you wish to support. Whether you need the funds in your IRA or not, you will be required to withdraw and pay

income tax on a portion of them each year. Amounts given directly to Rotary from your IRA will count as part of your withdrawal—while never being subject to income tax.

## **Q: How much can an individual give in this way?**

**A:** You are allowed to direct that up to \$100,000 each year be used to make charitable gifts. Married couples with separate IRAs can make such transfers up to \$200,000 (\$100,000 per person).

## **Q: What are the tax benefits of giving directly from an IRA?**

**A:** These gifts are completely free of federal income tax. In addition to qualifying as part of your required annual withdrawal, giving from your IRA can be especially attractive if withdrawal amounts now cause your Social Security income to be taxed at higher rates, if you have reached a limit on how much you can deduct, if your state does not allow deductions for charitable gifts, and in certain other circumstances.

## **PREVENT DOUBLE TAXATION ON INHERITANCES**

If you leave retirement funds to your heirs, the funds can be subject to both estate tax and income tax. On the other hand, if heirs receive their inheritances from other assets, only estate tax—if applicable—may be due on amounts passing to them. Therefore, you may prefer to leave retirement plan remainders to The Rotary Foundation while using other assets to provide for heirs. This way you may reduce the overall tax burden on your family and create a personal, lasting legacy in Rotary and around the world.

## 2 PLANNING EXAMPLES

**1.** Frank, age 74, would like to establish a named Rotary endowment of \$25,000. He decides to use a portion of his IRA to make his gift.

Frank's benefits:

- He does not report the withdrawal amount on his tax return.
- The amount of his gift is not taxed, thereby reducing income tax that might otherwise be due.
- His income tax bracket is not affected.
- Additional tax is not incurred on his Social Security income.
- No estate or gift taxes will be due on the amount donated.
- He satisfies all or a portion of his required minimum withdrawal.
- His gift of \$25,000 can provide \$1,000 or more to the Annual Fund each year.
- Frank has the satisfaction of seeing his gift at work now.
- He may add to his named fund annually or create a legacy gift in his estate plan.

**2.** Phyllis, age 72, would like to endow a Rotary Peace Fellow. She is concerned that her estate will be subject to estate tax in the future, and she would like to lessen that potential tax burden.

Phyllis decides to give Rotary \$100,000 from her IRA each year over a 5-year period to establish the peace fellowship. In addition to the benefits described above, she also is pleased to know that 1) she removes \$500,000 from her taxable estate; and 2) has made it possible for a student to dedicate his or her life to making the world a more peaceful place through Rotary's vision.



Past District Governor Gerald (Jerry) Gortner understands the benefits of giving through an IRA more than many. That's because he spent 43 years as a financial advisor for Ameriprise Financial Services. "I had helped many clients who were over 70 make their charitable contributions directly through their IRA," Jerry said. "It was a way for them to achieve their charitable goals, and it provided helpful tax benefits."



*PDG Jerry Gortner  
(Frankfort, New York,  
USA)*

A Rotarian since 1983 who recently retired, Jerry now takes his own advice and makes his gifts to Rotary directly from his IRA. "I think this type of gift makes the most sense for those who are already in the habit of making charitable contributions," Jerry explained. "So instead of using other income to make your gift, you make the gift directly from your IRA. My IRA gifts have been active contributions that go directly into the Annual Fund, so I receive Paul Harris Society membership and major donor status."

Currently serving as assistant regional Rotary Foundation coordinator, Jerry said, "My biggest personal satisfaction comes from helping someone achieve their goals, whether that be a contribution to the Foundation through their IRA or a gift to a special project."

For example, Jerry worked with one Rotarian to fund a gift to help fund the fight against polio. "This happened to be during a matching period," Jerry said. "When we told her how many children she had been able to benefit through her gift, it brought tears to her eyes. It is so gratifying to help others accomplish their dreams through Rotary."

# IRA GIFTS BRING PEACE TO OTHERS

For Past District Governor Bill Dimond, giving back—both locally and globally—comes naturally thanks to the values instilled by his parents. “Growing up on a farm in Illinois, I watched as my mother led 4-H groups and my father became president of the American Soybean Association,” Bill said. “My parents wanted to make the world a better place. And now, through Rotary, I am following their wonderful example.”

One of the ways Bill has achieved his goals is through a series of IRA gifts to support the Rotary Peace Centers Endowment. “I became aware of this opportunity to give funds directly from your IRA to charity several years ago,” Bill said. “Using my IRA to make charitable gifts was a tax advantage in my situation because the funds I donated were not counted as income. And it was a very easy way to give. I just contacted my plan administrator, completed a form, and they sent the funds directly to The Rotary Foundation.”



*PDG Bill Dimond  
(Kalamazoo,  
Michigan, USA)*



*Marisol and her  
mother outside  
their home in the  
Dominican Republic*

As an Air Force veteran of the Korean War, Bill has special affinity for the Rotary Peace Fellow program. “I have seen war and strife, so peace and conflict resolution is one of my top priorities,” he said. “Our district has been fortunate to have several students receive the scholarships, and their Rotary experience has taken them to work in communities all around the world.”

Bill has also had the opportunity to travel the world with Rotary. “When my wife Mary Lee and I went to the Osaka International Convention, we also visited with our Rotary Youth Exchange student, Reiko, and had dinner with her family,” Bill said.

Bill has also traveled to the Dominican Republic eight times to install and inspect bio-sand water filters provided by his district. “I have gotten to know the people of this community personally—both my fellow Rotarians and the families who have received the filters. For example, I have seen Marisol grow from a very ill 6-year-old to a healthy teenager thanks to the clean water from the filter we provided in 2003. Changing people’s lives and making the world a better place—that is what Rotary is about for me.”

## FOR MORE INFORMATION

Rotary’s Planned Giving Team is happy to help you or your advisors explore how IRA gifts can help you achieve your charitable and tax-planning goals.

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The  
**Rotary**  
Foundation



Check out our easy-to-use web pages at:

[www.rotary.org/plannedgiving](http://www.rotary.org/plannedgiving)

You’ll find helpful information on gift and estate planning.