

INDIVIDUAL RETIREMENT ACCOUNT (IRA)

Your IRA might provide a great planning opportunity.



INDIVIDUAL RETIREMENT ACCOUNT

Naming the Federation as beneficiary of your IRA or making a Qualified Charitable Distribution to the Federation from IRA assets is an easy, tax-wise way to support the vital work of the Federation today and tomorrow.

FOR TOMORROW

Name Federation as a beneficiary of your IRA.

Distributions from your traditional IRA are taxable at ordinary income rates. In addition, with limited exceptions, IRA inheritors other than your spouse must take those distributions within 10 years rather than over their anticipated life expectancy. To spare your heirs what could be a sizable tax bill, name Federation as beneficiary of your IRA and pass other appreciated assets to your loved ones.

What are the benefits?

Federation pays no tax on your IRA distributions, so the full value benefits the community, whereas if you name your heirs as beneficiaries of your traditional IRA, they will owe tax on every withdrawal. If, instead, you leave assets such as appreciated stock or real estate to your heirs, the assets will receive a stepped-up basis, and your heirs will pay no tax on appreciation that accrued during your lifetime.

FOR TODAY

Make a charitable gift directly from your IRA.

If you have reached the age of 70 ½, you may make a Qualified Charitable Distribution to Federation from your IRA. Instruct your IRA administrator in writing to distribute any amount up to \$100,000 per year from your IRA **directly to Federation**. (Ask the Federation for a sample letter.) If your spouse is over age 70 ½ you each can make this Qualified Charitable Distribution.

What are the benefits?

Even if you do not itemize deductions on your income tax return, or you have reached the annual federal ceiling for charitable deductions, a Qualified Charitable Distribution from your IRA to Federation can save you money. Qualified Charitable Distributions are not deductible, but neither are they subject to federal income tax, (except to the extent that you have made deductible IRA contributions after reaching age 70 ½). Once you are required to withdraw funds, you may count your Qualified Charitable Distribution toward your Required Minimum Distribution for the year. (Congress suspended Required Minimum Distributions for calendar year 2020.)

While you may not distribute your Qualified Charitable Distribution to a donor-advised fund, supporting foundation or private non-operating foundation, you may use it to:

- make a current gift to Federation for the Annual Campaign or a special program or project.
- create a Lion of Judah Endowment (LOJE) or Perpetual Annual Campaign Endowment (PACE).
- establish a special endowment fund to support a cause you care about.

This material is presented for informational purposes only and should not be construed as legal, tax or financial advice. When considering gift planning strategies, you should always consult with your own legal and tax advisors.

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