

## **Roth IRAs are an option for all in 2010**

*Same-year charitable gift saves tax, starts your legacy*

If you've been thinking about making a major gift, making a real difference in an area of community close to your heart, and establishing your charitable legacy, 2010 may be a prime time to do all of the above.

This timing makes sense for individuals who are taking advantage of tax legislation that now allows all taxpayers—even those who have taxable income of \$100,000 and above—to invest in Roth IRAs and convert their traditional IRAs to Roth IRAs.

Roth IRA assets are investments of after-tax dollars, and after that, all earnings and withdrawals are tax-free. Prior to 2010, only people with taxable income of less than \$100,000 were eligible for this special type of account and the tax-free income it promises in retirement.

The reasons for making a charitable gift in the same year you convert your traditional IRA to a Roth IRA are enhanced with the opportunity to increase tax deductions in an unusually high-income year.

Here's why: when you transfer funds (all or part) from a traditional IRA account to a Roth IRA, the funds converted are considered taxable income. You owe income tax on a fairly large transaction. Since your income will be higher that year, you may find yourself in a higher tax bracket. And, if you are younger than age 59½, the funds you transfer should go in full to your new Roth IRA; tax payments should come from another source.

You can lower your tax bill by finding additional tax deductions, including a charitable gift to the community foundation. By establishing or adding to a Donor Advised Fund, you can take the tax deduction in this high-income year and recommend grants to causes you care about most for years to come. A variety of fund options provide simple, powerful and highly personal approaches to giving.

Of course, whether this is the right financial, tax and giving strategy depends on your personal circumstances and goals. Four County Community Foundation is always happy to meet with you and your professional advisor to discuss what is best for you and your estate. We can explain options for turning this gift into a meaningful legacy for you, your family and the community you care about.



**Four County**  
community foundation<sup>™</sup>

231 E. St. Clair St., P.O. Box 539, Almont, MI 48003  
(810) 798-0909 ~ [www.4ccf.org](http://www.4ccf.org)