

As 2015 was winding down many Jewish National Fund donors were waiting with bated breath to see if Congress was going to re-instate the popular tax code provision that allowed charitable contributions from IRA accounts to qualified charities. In December we got the good news. But the better news is we won't have to play the waiting game any longer. The Consolidated Appropriations Act of 2016 included a bill called HR 637 entitled the Permanent IRA Charitable Rollover Act of 2015. In other words the ability to transfer money from an IRA account directly to Jewish National Fund is now permanent. The result of this may produce an opportunity to save significant tax dollars for our donors and support Jewish National Fund.

For years, enormous amounts of money have been placed into retirement accounts. The proposition the IRS made with us is they would allow an income tax deduction in the year the contribution was made to the IRA and any growth in the accounts would go untaxed until the money was withdrawn. Not a bad deal: a current income tax deduction and a deferral in recognizing any gains. Now, however, the tax bill from all those years of deferred taxes is coming due for many of our donors, because, at age 70 1/2 the IRS requires us to take distributions from these accounts. This forced withdrawal has a technical name called Required Minimum Distribution or RMD for short.

For many JNF donors this has become an imposition. The effect is increased income taxes on income that may not be needed. Moreover, the extra income may push some of our donors into higher tax brackets. It may also cause a tax on social security payments. Distributions from an IRA are top margin income and there are few deductions you can use to offset this "bonus." The amount of these RMDs is determined by a schedule the IRS uses based on actuarial tables.

Luckily, there is now a solution to this dilemma. The most recent tax act passed in 2015 made permanent the opportunity to make a tax-free gift from an IRA to Jewish National Fund. The IRS will allow up to a \$100,000 gift for 2016. The benefit to our donors is the gift can be used to satisfy their RMD and is 100% TAX-FREE. It is called a Qualified Charitable Distribution or QCD.

This is a tremendous incentive because not having to declare the RMD keeps it from being taxed and also avoids the other unfavorable effects mentioned earlier in this article. In addition, a gift of this type will not cause a reduction in personal exemptions or allowable deductions. Check with your tax-advisor as to how this type of gift will directly affect you.

Claiming your QCD is a relatively simple process that we can help you with. There are a few rules to follow. What good is a government benefit without some rules?

The requirements include:

- You must be 70 ½ years old or older

- The transfer from your IRA MUST go directly to Jewish National Fund. The check cannot be paid to the individual and then donated. If that happens, you will lose the tax-free nature of the contribution
- The gift cannot exceed \$100,000 in 2016 per individual
- It MUST be completed by December 31, 2016 to count for 2016
- The gift must be an outright gift. It can't be used for a Donor Advised Fund or any income producing Planned Gifts.

A gift from an IRA CAN, however, be used and applied to existing pledges and will qualify you to become a member of one of JNF's prestigious lifetime giving societies. Plus, your gift will have a lasting impact on the JNF's vital mission in Israel.

In order to avoid the end of year scramble contact a Jewish National Fund Planned Giving Specialist now for the information you need. We can make this easy for you!

One more thing! I have heard from many JNF donors who have invested in Deferred or Variable Annuities with life insurance companies. Their questions usually deal with how to dispose of these commercial annuities without the huge tax burden. Call a JNF Planned Giving Specialist. We can help you with this as well.

We look forward to hearing from you at 800-562-7526.