The Heritage Club

Legacy

Boys & Girls Clubs

A Newsletter from The Heritage Club

Volume VIII Issue III

To maximize tax benefits, make your charitable gifts before the end of the year.

As the year comes to a close, do you see the end of one year or the beginning of another?

Do you wish this year would continue, or are you ready for a fresh start? However you answer these questions, there is still time to make this year – and the year ahead – brighter.

The end of the year gives us all a wonderful opportunity to make decisions. We can wrap up the year or start the new one in the right way.

In many instances, this is the best time to make gifts that can help your Boys & Girls Club. As the year closes, you probably have a clear picture of your finances and goals. If you are like most people, you are also looking for ways to save on this year's taxes.

A year-end gift is an opportunity for you to make a difference this year, while giving yourself a gift during next year's tax season. A charitable gift provides you with a deduction to offset this year's tax burden. In addition, you are helping the children in your community today and for generations to come.

In these pages, we will provide a variety of options for you to consider before the end of the year. Learn about potential tax and income benefits to help you and your family, while furthering our mission. Visit **clubgift.org** for more.

IRA Charitable Rollover: don't let your benefits roll away

There's an important tax change you need to know about that can help you manage your IRA, and at the same time, make a gift to your Boys & Girls Club this year. The IRA Charitable Rollover provides you with a unique window of opportunity to make a gift from your IRA **before December 31, 2011,** while avoiding federal income taxes.

How does it work? The IRA Charitable Rollover permits a taxpayer age 70½ years or older to donate up to $100,000 directly from an IRA to a public charity without paying any federal income tax on the transfer. Prior to the enactment of this law, a gift to charity from your IRA was considered a taxable distribution.

The benefit of the new law is that your IRA gift counts toward your required minimum distribution. If you want to reduce your income and taxes this year, you can achieve these goals by transferring some or all of your required distribution to your Boys & Girls Club. Because the funds you give away are never taxed as income, your gift does not qualify as a charitable income tax deduction. However, you are able to make a gift to us from funds you may not otherwise use. As a result of your generosity, our Club benefits and so do the youth we serve, as the Club enables them to achieve academic success, healthy lifestyles and good character and citizenship.

At the end of the year, the IRA Rollover provision is set to expire. Visit **clubgift.org** to learn more about taking advantage of this special opportunity. You can make a gift while helping the children in your community this year and into the future.

Annuity Trust: give yourself a gift without any guilt

During this gift-giving season, consider giving yourself a gift. There are several ways for you to make a gift to us while receiving valuable benefits, including income and tax savings.

One idea is to transfer your cash or securities in exchange for a charitable gift annuity. We will promise to pay you a fixed income for your lifetime at a rate based on your age. A portion of your income could be tax-free. Even better, you will receive an income tax deduction for making a gift to us. After making payments to you during your lifetime, any remaining funds will be used to provide a profound and lasting impact on the youth we serve.

If you would like even more benefits and options, consider creating and funding a Charitable Remainder Trust. When you establish a remainder trust, you can choose to receive fixed payments in the form of an annuity or payments that could increase over time with growth in the trust. It's possible to receive income for yourself, for yourself and your spouse, or to create a stream of income for your children for up to 20 years. Charitable trusts are also an excellent way for you to avoid taxes on the sale of your appreciated property, such as stock, real estate or a small business.

We can help you create a plan with all the benefits you desire and income you deserve. Visit **clubgift.org** for more information on making a charitable gift that creates income for you now or for your future.

Income in Respect of a Decedent: words & wisdom for the future

Most of us know the importance of having a will. With a will, you can provide for your family by expressing your wishes in a way that makes them easy to follow. However, there are other important reasons to make plans for the future. These include appointing a guardian to care for your minor children and designating a person to make important healthcare decisions for you, in the event you are unable to act on your own behalf.

As you create or amend your will with your attorney, be sure to ask about what to do with your "IRD" assets or "Income in Respect of a Decedent." Essentially, IRD is a way for the IRS to tax your untaxed ordinary income after death. IRD assets include your IRA, 401(k) or pension plan. These assets are taxed in your estate and to your living beneficiaries when you pass away.

If your children receive your IRA or 401(k) at your death, they will be faced with a hefty tax burden and very likely, a depleted asset. For this reason, IRD assets usually make better gifts to charity. A good plan is to give your low-tax assets, such as your home or stock, to your children. These are assets that at the time of inheritance are adjusted to market value therefore allowing your heirs to sell them and pay little or no tax. At the same time, you can transfer the IRD assets to a tax-exempt charity like ours.

With proper planning, you can give generously to your Club while simultaneously helping your family receive more of their inheritance. Help your heirs avoid paying more taxes at your death. Call your attorney or visit **clubgift.org** to learn more.

Gift Annuity Rates Just Went Up!

Age	Rate
65	5.3%
73	6.2%
78	7.0%
85	8.4%
90	9.8%

Savvy Living by Jim Miller

Dear Savvy Living,

"I'm looking at retiring sometime this year and starting my Social Security benefits, but would also like to work part time. Will this affect my benefits and, if so, how much? "

– Barbara

Dear Barbara,

You can collect Social Security retirement benefits and work at the same time, but depending on how old you are and how much you earn, it can cost you temporarily. Here's what you should know.

Working Rules

Social Security says that if you're under your full retirement age (which is 66 if you were born between 1943 and 1954) and are collecting benefits, then you can earn up to $14,160 in 2011 without jeopardizing any of your Social Security if you don't reach your full retirement age this year. But if you earn more than the $14,160 limit, you'll lose $1 in benefits for every $2 over that amount.

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In the year you reach your full retirement age, a less stringent rule applies. If that happens in 2011, you can earn up to $37,680 from January to the month of your birthday with no penalty. But if you earn more than $37,680 during that time, you'll lose $1 in benefits for every $3 over that limit. And once your birthday passes, you can earn any amount by working without your benefits being reduced at all.

Wages, bonuses, commissions and vacation pay all count toward the income limits, but pensions, annuities, investment income, interest and government or military retirement benefits do not. To figure out how much your specific earnings will affect your benefits, see the Social Security Retirement Earnings Test Calculator at ssa.gov/OACT/COLA/RTeffect.html.

Temporary Loss

If you do lose some or all of your Social Security benefits because of the earning limits, they aren't lost forever. When you reach full retirement age, your benefits will be recalculated to a higher amount to make up for what was withheld.

Tax Factor

You also need to factor in Uncle Sam. Because working increases your income, it might make your Social Security benefits taxable. Here's what the IRS says. If the sum of your adjusted gross income, nontaxable interest, and half of your Social Security benefits is between $25,000 and $34,000 for individuals ($32,000 and $44,000 for couples), you have to pay tax on up to 50 percent of your benefits. Above $34,000 ($44,000 for couples), you could pay on up to 85 percent, which is the highest portion of Social Security that is taxable. About a third of all people who get Social Security have to pay income taxes on their benefits.

Savvy Living is written by Jim Miller, a regular contributor to the NBC Today Show and author of "The Savvy Senior" book. The articles are offered as a helpful and informative service to our friends and may not always reflect this organization's official position on some topics. Jim invites you to send your senior questions to: Savvy Senior, P.O. Box 5443, Norman, Okla. 73070.