

## Smoky Valley Community Foundation offers reminder of IRA rollover provision

A special IRA rollover provision that expired at the end of December last year has been extended through December 31, 2009. This provision allows individuals who are 70½ or older to take tax-free withdrawals from their IRAs as long as that money goes directly to charity, such as the Smoky Valley Community Foundation. Although the donor cannot claim the gift as a tax deduction, the IRA withdrawal that's donated directly to a charity is excluded from income. And there's another benefit: the withdrawal counts against the required minimum distributions for the year. IRA owners who are 70½ or older are required to withdraw a minimum amount every year and pay taxes on the money, even if they don't need it. By donating the money to a charity, that requirement can be fulfilled without incurring a tax bill.

Important things to know if you want to take advantage of this tax break:

The provision is limited to withdrawals from IRAs. Money in a 401(k) or similar plan will need to be rolled into an IRA before a direct contribution can be made to a charity.

The IRA distribution must go directly to the charity. If the check is made out to you, you'll owe taxes on the withdrawal.

Private foundations and donor advised funds are not eligible for tax-free IRA distributions. A gift to any existing fund at the Foundation other than a donor advised fund is eligible.

For more information, call your financial advisor, or a member of the Foundation board of directors, or SVCF executive director, Leon Burch at 227-3460.

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