

December 18, 2014

To our clients and other friends:


On December 16, 2014, the Senate passed H.R. 5771, the Tax Increase Prevention Act of 2014, and the President is expected to sign the Act into law. This Act retroactively renews, for the 2014 calendar year only, tax provisions that expired at the end of 2013.

As part of these extensions, an individual taxpayer who is at least 70 ½ years old may make a tax-free contribution to a qualified public charity from his or her individual retirement account (IRA) of up to \$100,000 in the year 2014. If you are at least 70 ½ years old and have made direct charitable distributions from your IRA during the year 2014 you will not be taxed on the first \$100,000 of such distributions; if you are at least 70 ½ years old and are considering making such distributions from your IRA, you may do so before year-end without incurring tax on the first \$100,000 of such distributions. The distribution should be made directly from your IRA provider to the charity. The distribution can count against a required minimum distribution. Such a direct gift from an IRA to charity will not be taxable income to the taxpayer, nor will the taxpayer receive a charitable deduction. In general, making a direct gift from an IRA to charity is more tax-efficient than withdrawing the funds from the IRA, recognizing the income, and then making a deductible charitable contribution.

On January 1, 2015, the tax provision allowing for tax-free charitable contributions from an IRA of up to \$100,000 per taxpayer, per year will expire. We will not know whether this provision will apply to distributions made in 2015 unless Congress takes up this issue again.

IF YOU ARE CONSIDERING THIS, YOU MUST ACT BEFORE MIDNIGHT ON DECEMBER 31, 2014, TO ENSURE YOUR CHARITABLE DISTRIBUTION WILL BE TAX-FREE. If you wish to make such a charitable gift, contact your financial advisor or the custodian of your IRA and the charitable organization(s) you wish to benefit.

Please let us know if we can be of any assistance.



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