



TAKE ADVANTAGE OF THE LAST GREAT TAX BREAK!

Change a Nation with Your IRA using the Tax-Free Charitable IRA Rollover

The recently signed into law, Tax Cuts and Jobs Act of 2017, lowered some tax rates and doubled the standard deduction for tax-payers. In doing so, it will significantly reduce the number of people who itemize their taxes and many donors will be unable to use the charitable deduction. There is, however, an extraordinary opportunity to make tax-free charitable gifts from IRAs!



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Save Tax Dollars and Change a Nation

The IRS mandates that you begin taking money out of your IRA at age 70 ½ which increases your taxable income and may even push you into a higher tax bracket. With many deductions being rendered useless, there are few ways to reduce that taxable income. One tax-smart idea is to direct your mandated distribution from your IRA to Jewish National Fund to support the land and people of Israel. Your gift will not be counted as income, the IRS will consider your required minimum distribution fulfilled and you may save thousands in higher taxes!

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**Transfers of IRA gifts to donor advised funds, supporting organizations, charitable gift annuities, or charitable remainder trusts do not qualify.*

Your IRA just became a very valuable Charitable Giving Account!

There are a few rules to follow to ensure your gift will qualify for the tax-free treatment:

- You must be 70 ½ years old.
- The transfer from your IRA must be paid directly from your IRA to Jewish National Fund.
- The gift cannot exceed \$100,000 in 2018. Married spouses can combine their gifts and can contribute \$200,000.
- The gift must be an outright gift, but can be used to satisfy existing pledges.*

Check with your advisor about the best ways to take advantage of this tax-saving strategy.

Who can benefit?

- **Jewish National Fund donors who take Required Minimum Distributions (RMD)**
Under this law a donor can use up to \$100,000 of their RMD with a direct transfer to Jewish National Fund.

***Example:** Mitchell is over 70 ½ years old in 2018 and is required by IRS law to take a \$150,000 distribution from his IRA account on which he would pay a tax of approximately \$52,500 when considering a 35% federal income tax bracket. He does not need the income as he has plenty of other sources. He is a supporter of Jewish National Fund and after hearing about this provision in the law he asks his IRA administrator to send \$100,000 to Jewish National Fund and \$50,000 to him. The result is he satisfied the IRS by taking his full required distribution, yet only paid a tax on the \$50,000 he directly received. The remaining \$100,000 was put to use building a medical center in the Negev Desert.*

- **Donors who can no longer itemize their deductions.** The new tax law increased the standard deduction and significantly reduced the number of people who itemize. By using the provisions in this law, up to \$100,000 per person can be contributed from an IRA account. Gifts from IRA accounts satisfy the IRS rules on Required Minimum Distributions and are not counted as income.

***Example:** Elisa has an adjusted gross income (AGI) of \$150,000 and she usually gives \$25,000 for charitable causes. This year she turned 70 ½ and must take her first required minimum distribution of \$25,000 from her IRA. Because she no longer itemizes her deductions this \$25,000 will push her into an even higher income tax bracket. Elisa feels her income is more than sufficient to meet her necessary expenses and to live quite comfortably. Instead of taking the RMD as additional income she instructs her IRA administrator to make a direct transfer to JNF of \$25,000. By doing so, she was able to satisfy the RMD rules, save money in income taxes and funded a playground in Northern Israel as part of JNF's Go North initiative.*

If you need further information on how your IRA gift can help Jewish National Fund, please contact a JNF Planned Giving Specialist at 800.562.7526 or email at plannedgiving@jnf.org.



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