

December 1, 2006 (Revised December 14, 2006)

For All TGOA/MGCA Members Over Age 70 ½

For many of you this could be by far the most valuable part of this newsletter or any TGOA/MGCA Newsletter.

The new federal Pension Protection Act, enacted earlier this year, allows funds from an IRA to be directly transferred to charity without first being included into taxable income of the IRA owner. Of course, such a transfer would not then be allowed as a charitable deduction. This law change is available immediately for the 2006 tax year and currently is scheduled to expire on December 31, 2007, though Congress could extend that date.

I will not get into all the tax law intricacies here, but suffice it to say that this change applies for any such transfer up to \$100,000 per IRA owner, per year. The IRA distribution could be an RMD or a single larger amount. **A person does not have to itemize to save money from this change.** Also, even if the transfer is only \$5,000, many folks could save as much as \$2,000 in combined federal and state income taxes, compared to taking the IRA distribution and then giving the same amount to charity.

Obviously, I mention this tax change because it makes it easier for anyone who is over 70 ½ (a great many of our members) to donate to TGOA/MGCA. If any of you have questions about this new law, you may call or email me. This really is one of the more favorable law changes for seniors in years. Whether you give to TGOA/MGCA or not, I wanted you all to be aware of the change.

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