

EVERYDAY GIVING

How donating retirement funds benefits you & ACC

Did you know you may have set aside money that can be directed to your favorite charity?

Every time part of your paycheck is put into your Investment Retirement Account (IRA), 401(k), or other qualified retirement plan, it can eventually be used to improve the lives of individuals with disabilities.

“If you have an IRA retirement fund, this is an option or avenue that you can use to help your favorite charity and yourself at the same time,” says Shelley Nannenga, the Anne Carlsen Center Foundation Planned Giving Specialist. “Donations are what help us on a day-to-day basis.”

Although Retirement Gift Plans (RGP) are sometimes given to heirs, it's becoming a more common asset to be used for charitable giving. A charitable-based RGP is one way to take money out of an IRA without it being taxed. If you were to gift that same IRA to a spouse, son, or daughter it may be taxed heavily.

“Many other assets will be distributed to family or other heirs free of income, capital gains or estate tax, but with the IRA frequently comes a very large income tax bill,” says

Heartland Trust Company Vice President Neil Jordheim. “All distributions from an IRA to an individual are taxable income.”

Those taxes can be quite significant. Fortunately, in recent years, some of the hassle has been taken out of the process of donating an RGP to a charity.

“We had a number of our clients take advantage of this gifting opportunity,” says Jordheim, who is a current member and past chairman of the Anne Carlsen Center Board of Trustees. “It allowed them to get the money out of the IRA without paying taxes to the IRS. It also saved them a small percentage of money because they didn't have to withdraw the funds from the IRA, report the income, possibly lose some of the standard exemptions, and then write a check to the charity.”

While an IRA rollover is one of the most common RGPs, other examples include gift annuities, bequest annuities, unitrusts, gifts of property or insurance, and stocks.

The Future of RGPs

Permitted in 2006 and 2007 with some limitations, RGPs may be authorized again in the final quarter(s) of 2008. Congress adjourned

for 2007 without passing an extension to the Pension Protection Act incentive, creating a stalemate. House and Senate leaders now hope that an extension of the IRA charitable rollover will pass this year.

“We hope by the end of the year we know if this is a tool that individuals and charities can use,” says Nannenga.

If new legislation passes, all charities would be eligible to receive donations and, under the proposed legislation, donors could begin planned giving at age 59½ instead of 70½.

Potential Advantages from an RGP

You and the Anne Carlsen Center benefit from an RGP. When deciding to gift assets, factoring tax liabilities could lead to significant savings.

“Retirement plan assets are subject to ordinary income taxation at both the federal and state levels,” says Jordheim. “For those in the highest tax bracket, that could total over 40 percent. In addition, if someone passes away with a taxable estate (greater than \$2 million 2008) the retirement plan assets could also be subject to estate taxes up to 45

Bob Herman and his daughter, December, are recognized in May for becoming members of the Tree of Life, ACC's symbolic thank you to its many supportive donors.



percent. If an IRA owner names a charity as the full or partial beneficiary of the IRA, 100 percent of the money designated goes to the charity and no taxes are paid at the federal, state or estate tax levels.”

Before establishing donations, please consult your tax or financial advisor to review information specific to your life. Discover the efficient way to help yourself, as well as others. When you are ready to donate, contact Shelley Nannenga at 701-952-5109 or toll-free at 1-800-568-5175. She can be reached by e-mail at shelley.nannenga@annecenter.org.

“By rolling over your required distribution, it not only lowers your taxes, but it definitely benefits all of the children at the Anne Carlsen Center,” says Nannenga. “Your generous donations are helping provide services that give our students skills and hope for the future.”

What you give to the Anne Carlsen Center will ensure amazing and unique opportunities, along with individualized attention from a nurturing staff. Their smiles say it all...your thoughtfulness ensures that students at ACC enjoy full, meaningful lives.

You can get more information about making a retirement plan gift to the Anne Carlsen Center by completing the request form on the inside of the back cover and sending it to us in the enclosed envelope.

You'll find additional information about donating IRA rollovers and other retirement plan funds to ACC by going to www.annecenter.org, and then clicking on the Foundation link. Select “Ways to Give” on the left column of the Foundation page.

Determined to Make a Difference

Williston man uses IRA rollover gift to help ACC children live life to its fullest

Bob Herman of Williston, N.D., knows how important it is to give back.

Herman first started donating to the Anne Carlsen Center (ACC) in 2004. He made the decision to give after hearing about the many ways the Center improves the lives of children and young adults with disabilities.

“I’m not a rich man,” he says, “but I’ve worked seven days a week for most of my life, and I’m fortunate that I can do this.”

Most recently, Herman chose to make an IRA rollover gift to the Center. The IRA, he says, was an ideal asset for charitable giving.

“It’s income I would have had to pay taxes on otherwise,” he explains. He encourages others to consider this giving option.

Herman and his wife, Becky, and daughter, December, toured the Center in May. “The more I see of it, the more impressed I am,” he said during that visit. “The staff does a very good job. I think it’s wonderful that the Center exists.”

Herman hopes that by making charitable giving a priority, he’s setting a good example for his three children—December, Shane and ConiLe.

“I remember how my parents instilled those values in me,” he says. He says his experiences in life, such as a battle with leukemia, have made him even more determined to do as much good in this world as he can.

“We’re on this earth to help each other,” he insists. Herman encourages others to explore the benefits of giving to ACC.