



## A Smart Way to Give

Thanks to new legislation signed by the President on December 17, if you are taking minimum required distributions (MRD) from your IRA retirement account, you may lower your income taxes by making your gift to your church during 2011 directly from your IRA.

One person in our diocese has already taken advantage of this to establish a new \$100,000 endowment fund for her parish using money taken directly out of her IRA. Now she won't have any MRD to pay income tax on this year—saving her more than \$20,000 in taxes.

Your gift to your church or other charity will count toward your Required Minimum Distribution (MRD)—even up to \$100,000—BUT will not have to be declared as taxable income on your IRS Form 1040!

For example, if your required IRA distribution is \$20,000 this year, and you make a \$5,000 gift to your church directly from your IRA, you will only have to declare \$15,000 as taxable income instead of the full \$20,000. If you were to a gift or gifts to church or charities totaling your entire MRD, you won't have to declare any of the distribution as taxable income!

Making your gift directly from your IRA in this way also lowers your Adjusted Gross Income (AGI), which can have the effect of further reducing taxes.

To make a gift to the church directly from your IRA, you must generally write a letter to your IRA custodian instructing them to send the check in a certain amount to your church and its mailing address. To receive a sample letter, or if you or your IRA custodian have any questions, you or they may contact The Rev. Richard Schaper, CFP, your Gift Planning Officer, at (415) 869-7812.

Give smarter to lower the after-tax cost of your charitable gifts. Now you can afford to be more generous.

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