

Roth IRA: Professional advisor correspondence

To: Professional advisors
From: Eau Claire Community Foundation
Subject: **Charitable Giving Eases Tax Consequences**

Dear Advisor:

You may know that starting in 2010, individuals with income above \$100,000 can now convert their traditional IRAs to Roth IRAs.

Your clients who take advantage of this opportunity to create a source of tax-free income for their retirement years may pay significant tax when they make the conversion this year.

Offsetting Roth IRA conversion taxable income by making a major charitable gift may be worth considering for community-minded individuals. Timing a charitable gift to coincide with a Roth conversion may allow them to remain in a lower tax bracket and receive a sizeable deduction—while establishing their philanthropic legacy.

Eau Claire Community Foundation welcomes your questions and ideas on this opportunity to combine a smart tax strategy with community good. For example, your client may want to establish a Donor Advised Fund this year and recommend grants to causes he or she cares about for years to come. You may know other clients who plan to make charitable gifts through their estate... but can now experience the joy of giving during their lifetime.

The attached resources may help you discuss establishing a fund at the Eau Claire Community Foundation this year:

- A handbook designed specifically for Professional Advisors
- A handout about the Roth IRA conversion and charitable giving opportunity
- A handout about charitable beneficiary designations to retirement accounts and life insurance policies

I'd be happy to discuss this further; please contact me at (715) 552-3801 or suebornick@eccommunityfoundation.org.

Sincerely,

Sue Bornick
Executive Director