

Our Jewish

Legacies

DALLAS
JEWISH COMMUNITY
FOUNDATION

Fall 2006

Tax, Estate and Charitable Planned Giving Opportunities

Helping Donors Make a Difference in Times of Crisis

Israel is a country that was born through crisis. Since its birth as a modern state in 1948, this small yet very determined country has endured war as a way of life and managed to thrive. The crisis that began this past summer is more intense than in many years and has mobilized Jews around the world to come to Israel's aid.

This crisis has also enhanced our sense of community, and the Dallas Jewish Community Foundation has made it easy for donors to reach out and help. We have seen other large-scale disasters in the past two years, and each time supporters of the Foundation have quickly stepped up to aid victims of crisis around the world: in Indonesia in 2004, when the tsunami killed so many and left so many others with nothing,



Michelle Tycher Stein

more recently with Hurricanes Katrina and Rita, and in the current conflict in Israel.

"We all do our best to plan for the 'knowns' in our life – whether paying for our children's education or our support for our Jewish Federation. But the fact of

the matter is that we need to be just as prepared for the unpredictable," states Michelle Tycher Stein. "In establishing a Donor Advised Fund, I've basically put in place an insurance policy for my Tzedakah – a reservoir that ensures

I'll have the resources to respond in times of crisis. With the Foundation as a partner, whether it's a natural disaster like Katrina or an unprovoked act of war against Israel, I know I have the capacity to move quickly and effectively. I simply cannot tell you how important that is to me." Ms. Tycher Stein will be heading up the Development



Photo by John Derryberry

Dr. Richard and Tina Wasserman with children Leslie and Jonathan

Committee for the Foundation this year, and we look forward to her dynamic leadership!

When asked about the process she goes through when deciding how and when to help in a crisis, Tina Wasserman says, "Sometimes the appeal is very cerebral; this is important; it needs support; they are doing good work; they deserve some help. Sometimes, as in the current situation, the appeal is more visceral – I react emotionally to what is

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LEAVE A LEGACY[®]

Make a Difference in the Lives that Follow

New Law Encourages IRA Philanthropy

Congress has changed the tax laws to permit people over age 70½ to make charitable gifts through their IRAs in 2006 and 2007.

Here are some of the new opportunities:

■ *Increase Your Annual Giving.* IRA funds are heavily taxed whenever you draw them out, at rates as high as 35%. During 2006 and 2007, however, you can divert the tax collector's "take" from your IRA to a charitable cause you choose.

Example: Suppose you are in a 25% tax bracket and normally send us a check for \$10,000 every year to add to your named Endowment Fund. Instead of writing a check, you could instruct your IRA trustee to send the Dallas Jewish Community Foundation \$13,333. If you had withdrawn \$13,333 from your account, the tax would have been \$3,333 in a 25% bracket. That \$3,333 now can be used to assist our programs – all paid for by the IRS.

■ *Annual Distribution Gifts.* Under the new rules IRA gifts will count toward mandatory annual distributions required of individuals over age 70½. That means IRA gifts can reduce 2006 taxes.

IRA Gift Rule Book

■ Donors must be past the age of 70½ and own a traditional or Roth IRA – other retirement plans such as pensions, 401(k) plans and others are not eligible.

■ Only the IRA trustee can transfer gift amounts to a qualified organization. If IRA owners withdraw funds and then contribute them to charity separately, amounts withdrawn will be included in the donor's gross income.

■ No charitable deductions are allowed, but gift amounts will be excluded from donors' incomes.

■ IRA gifts may not exceed \$100,000 and may

Example: Harold must withdraw at least \$20,000 from his IRA this year, even though he doesn't need the money for living expenses. Harold now can direct that the \$20,000 be paid to us from his IRA prior to taking any distribution and reduce his federal taxes by \$5,600 in his 28% tax bracket.

■ *Major Gifts.* Lydia has planned to leave the Dallas Jewish Community Foundation most of her IRA at her death, but says she would prefer to see her gift at work during her lifetime. Now Lydia plans to direct a \$100,000 gift from her IRA in 2006 and make a similar gift in 2007.

IRAs clearly play an important role in the financial lives of millions of workers and retirees, and the Dallas Jewish Community Foundation has a new booklet, *Maximize Your IRA*, that describes many of the planning possibilities available to IRA participants. Return the enclosed card for your free copy.

The Dallas Jewish Community Foundation is eligible to receive gifts from your Individual Retirement Account. Advise your accountant that the Foundation is a public charity described in sections 509(a)(1) and 170(b)(1)(A)(VI) of the tax code.

be made only in 2006 and 2007. The "ceilings" on contribution deductions (50% of adjusted gross income for cash, 30% of AGI for long-term capital gain property) do not apply to IRA gifts.

■ Transfers are not permitted to donor advised funds or "supporting organizations."

■ IRA gifts cannot be made to "life income gift" arrangements.

Please call our office at (214) 615-9351 or visit us online at www.djcf.org if you have questions about planning any gift, especially gifts from your IRA.

How IRAs Can Enable Larger Charitable Gifts

By channeling contributions through an IRA, people over age 70½ can increase charitable gifts in 2006 and 2007 by the amount of tax that will come due whenever funds are withdrawn, either now or in the future – or when the IRA passes to heirs. In effect, the Dallas Jewish Community Foundation would be receiving the tax collector’s share.

The table below shows how much more you can give by employing your IRA. (To calculate different IRA gift amounts than those shown, simply divide the amount you would have given from your checking account by 1.0 minus your highest tax rate. For example a person in the 28% bracket who usually gives \$1,200 could contribute $\$1,200 \div .72$, or \$1,667, at no additional after-tax cost.) Feel free to call our office with any questions – we will even “do the math” if you like.

IRA Estate Gifts Are Still a Great Idea

Lifetime gifts from IRAs are certainly an appealing new concept, but for many years advisers have been telling clients that IRAs are the very best thing to leave to worthwhile organizations in their estate plans.

What Is My Income Tax Bracket?

Taxable Income	Unmarried Taxpayers	Joint Returns
\$ 7,550	15%	
15,100		15%
30,650	25	
61,300		25
74,200	28	
123,700		28
154,800	33	
188,450		33
336,550	35	35

A combination of death taxes, income taxes and even generation-skipping transfer tax can nearly confiscate the retirement savings accounts of many people at death, leaving little remaining for heirs. In extreme cases, heirs might keep as little as 30¢ on the dollar from inherited IRAs.

A more satisfying option might be to leave the retirement account to the Dallas Jewish Community Foundation and preserve all of the funds free from tax. It’s easy to leave part or all of your IRA for our community’s benefit. Simply ask the custodian of your account for a beneficiary designation form. We will be glad to provide you or your advisers with our correct legal name.

Magnify Your Support by Giving through Your IRA

If Your Anticipated 2006 Gift by Check Would Have Been:

Tax Bracket	\$100	\$500	\$1,000	\$5,000	\$10,000
	You Can Increase It to This Amount – Free – by Giving through Your IRA				
15%	\$117	\$588	\$1,176	\$5,882	\$11,764
25	133	666	1,333	6,666	13,333
28	139	694	1,390	6,944	13,888
33	149	746	1,490	7,462	14,925
35	153	769	1,538	7,692	15,384

Helping Donors Make a Difference . . . (continued from page 1)

happening to fellow Jews: injury, death, grief, disruption, overwhelming stress. I sympathize with the victims and empathize with parents. I have a strong belief in Am Yisroel – we are all one people. It is my duty to help and I want to be involved in the best way that I can . . . my deepest core values are a result of being Jewish.”

Dr. and Mrs. Wasserman are long-time FUNDHOLDERS and supporters of the Dallas Jewish Community Foundation; we are grateful for their leadership and support.

Foundation Executive Committee Member Harold Gernsbacher visited Israel in



Photo by Robert E. Cumins

Harold Gernsbacher (left) receives a certificate of appreciation from Itzak Herzog, Minister of Tourism for Israel in August 2006.

August as part of a national solidarity delegation organized by United Jewish Communities: “We did not know when the war would end. Our family in Israel asked for help,” said Harold. “We needed the first money now. Many of our community through the Foundation’s Donor Advised Fund Program were ready. Within hours we began gathering our resources as a Jewish community. I have been with our family in Northern Israel since then – their appreciation cannot be measured.”

Mrs. Ruthy Rosenberg is a FUNDHOLDER and chairs the Scholarship Committee for the Foundation. “Your children learn from what you do and how you react to the needs of the community,” says Ruthy. “Having a Donor Advised Fund with the Dallas Jewish Community Foundation clearly demonstrates to them the importance of giving and our responsibility to community, family and the world at large.”

With a Donor Advised Fund, donors can:



Ruthy Rosenberg

■ Make a contribution of personal assets (cash, stocks, bonds, real estate, etc.) to the Dallas Jewish Community Foundation

■ Receive an immediate tax deduction for the contribution

■ Recommend grants to charities and nonprofit organizations of their choice at their own convenience and discretion

■ Take more time to research contributions while receiving tax advantages this year

■ Take advantage of the knowledge and resources available to them through the Foundation staff to assist them in identifying philanthropic options.

We hope you’ll discuss these ideas with your Professional Advisor and with the professionals at the Dallas Jewish Community Foundation. We have the expertise to help you give not only in times of crisis, but also to help you **LEAVE A LEGACY** that can perpetuate your Tzedakah forever. Feel free to call us at (214) 615-9351 or visit us online at www.djcf.org.

