

## Two Resolutions *Before* the New Year

The clock is ticking on two retirement and tax strategies that are scheduled to expire at 2009 year-end. These strategies are targeted to help folks age 70 ½ or older who are taking distributions from their IRA. If that's you, before the New Year rolls around, you may want to consider how you might benefit from an "RMD Holiday" or an "IRA Charitable Rollover." Let's take a look....

### RMD Holiday

The RMD Holiday is a moratorium from having to take the normal 2009 required minimum distribution from your IRA (as well as most other retirement accounts requiring distributions).

Congress passed legislation to allow this one-year exception because of the financial wreckage so many portfolios suffered in the recent market downturn. Not having to take the 2009 distribution provides some relief by not drawing against depleted assets and providing more time on the road to potential portfolio recovery.

*Who might benefit?*

- Those who haven't yet (as of this publication) taken their 2009 RMD.
- Those whose retirement portfolio got hammered and who need time to potentially recover some of what was lost.
- Those who don't need their distribution in order to make ends meet.

### IRA Charitable Rollover

With the IRA Charitable Rollover strategy, you instruct your IRA custodian to contribute *directly* from your IRA to an eligible charity. Eligible organizations typically include 501(c)(3) charities, but not private foundations or donor advised funds. Note that contributions can be made only from IRAs, not other retirement plans.

You can transfer a maximum of \$100,000 under the program, and the amount you transfer is not considered taxable income. On the other hand, the IRS is not going to let you double-dip, so there's no tax deduction for the amount you transfer (rare exception: when non-deductible contributions are involved).

*Who might benefit?*

- Those who want to make a sizable contribution to their favored charity but who lack the resources outside their IRA for doing so.
- Those who don't need the money.
- Those with large IRAs which may be subject to estate taxes at death.
- Those who don't itemize tax deductions (Form 1040, Schedule A) but instead take the standard deduction.
- Those for whom an IRA distribution would push them to a higher income level making more of their social security benefits taxable.

As with all retirement plan matters, be sure you're well acquainted with the rules or consult a qualified advisor who can help you. And if you'd like to implement either of these strategies, be sure to act soon. We'll be ringing in the New Year before we know it.

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