



Inspiring and Connecting Thoughtful Giving

Toledo Community Foundation

300 Madison Avenue
Suite 1300
Toledo, Ohio 43604
P.419.241.5049
F.419.242.5549

About Your Foundation

Since 1973, **Toledo Community Foundation** has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, **Toledo Community Foundation** helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

[<< Back to Front Page](#)

[Forward this article](#)

[>> Print this Article](#)



Taking a Roth Tax Hit? Try Giving More

(c) 2010 Dow Jones & Company, Inc.

Dow Jones Newswires

NEW YORK (Dow Jones)--Bulking up on charitable donations is one strategy some financial advisers are recommending this year to clients facing a tax hit from moving retirement assets to Roth IRAs.

The tactic may be especially suitable for those who had plans to give in coming years anyway. Vehicles such as donor-advised funds allow the donation to count against this year's taxes but to be doled out to specific charities in future years.

This is the first year that individuals earning more than \$100,000 can use Roth IRAs, which have a special appeal with income tax rates expected to rise next year and in the future. Taxes are paid now on income and savings put into Roth IRAs, while growth is tax-free. But a big conversion of pre-tax retirement accounts into a Roth means a big boost in reported income this year and a hefty tax bill to go with it.

Calculating when and how to best roll over money into a Roth can be complex, with factors including other savings and income, age and years to retirement--not to mention whether someone has the money to pay the taxes. Making charitable contributions also can involve complicated financial calculations and projections; donations made now mean less to deduct in future years when taxes are higher and the impact of a deduction is likely to be greater.

Still, advisers said that, in many cases, wealthy investors would be better off rolling over all they can in 2010 and

[Visit Our Website](#)

making larger donations now to reduce the impact of higher taxes later.

"We're advising clients to consider everything," says Brittney Saks, a Personal Financial Services partner in the Private Company Services Group of PricewaterhouseCoopers in Chicago. "A lot of people have large balances and this is significant."

There are other ways to offset taxes, such as business losses for those that have them. Saks pointed out that business losses must be deducted the year of the loss, while deductions for charitable donations can be stretched out over five years.

She also noted that there are limits on charitable deductions--generally 50% of yearly gross income for cash donations and 30% for donations of stock.

And the deductions, while helping to reduce the tax bill, typically won't eliminate it completely. For example, if someone is rolling over \$850,000 from a traditional IRA into a Roth IRA, they could expect to pay \$286,545 in taxes, according to Fidelity Investments. That tax bill would drop by \$73,850 if they make the same year a \$211,000 contribution. However, in some cases the reduction could be enough to keep someone in a lower tax bracket.

Christine Fahlund, a senior financial planner at T. Rowe Price, encourages people planning to do the rollover to consider making a larger than normal contribution to a donor advised fund if they don't have a charity in mind. Investors get to use the tax deduction the year they donate to the fund but can later choose what nonprofits should receive the donations.

(Jilian Mincer is a columnist who writes about personal finance; she covers topics including pensions, insurance, and college and retirement savings. She can be reached at 212-416-2239 or by email at jilian.mincer@dowjones.com.)

(TALK BACK: We invite readers to send us comments on this or other financial news topics. Please email us at TalkbackAmericas@dowjones.com. Readers should include their full names, work or home addresses and telephone numbers for verification purposes. We reserve the right to edit and publish your comments along with your name; we reserve the right not to publish reader comments) [06-25-10 1400ET]

© Factiva, Inc. All rights reserved.

[Terms of Use](#)

[Unsubscribe](#)

This newsletter is provided by the above listed firm which is a registered investment adviser ("RIA"), qualifies for an exemption or exclusion from registration requirements, or does not fall within the definition of an RIA under the Investment Advisers Act of 1940 (the "Act") or any applicable state laws. Any subsequent, direct communication by the firm with a prospective client shall be conducted by a representative that is registered, qualifies for an exemption or exclusion from registration in the state where the prospective client resides, or is not defined as an investment adviser representative under the Act or any applicable state laws. This newsletter contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in financial markets involves gains and losses and may not be suitable for all investors. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security.

POWERED BY  hnw