The Pension Digest

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## ALSO IN THIS ISSUE –



**Collin W. Fritz and Associates, Inc.,**
***"The Pension Specialists"***



# No Tax Legislation Yet to Extend QCDs for 2014

The federal income tax laws presently do not authorize a person to make a qualified charitable distribution (QCD) for 2014. The authority to make a QCD ends December 31, 2013.

Only time will tell whether or not there will be a tax bill enacted into law allowing a person to make a QCD for 2014 and later years.

The extension of this special tax law is not guaranteed. The charitable industry has a powerful lobby in Washington, D.C., and they will be arguing the QCD rules should be extended or made permanent.

However, the QCD rules result in less tax revenues being paid to the U.S. Treasury. Individuals have been allowed to give $100,000 of taxable funds to certain charities on a tax-free basis. Additional discussion is set forth on page 8. ◆

## Holiday Hours

CWF's office will close at 11:30 a.m. on Tuesday, December 24, 2013 and will be closed Wednesday, December 25 for Christmas.

On New Year's Day (Wednesday, January 1) we will also be closed.

We wish everyone a wonderful holiday season.

# Don't Forget Contributions for Profit Sharing Plans and SEPs

2013 has been a good year for many farmers. Don't forget to seek SEP contributions and profit sharing contributions.

If a small business, including a one person business, does not currently have a profit sharing plan or other plan, but one is wanted for tax year 2013, the business, including an individual, must establish the profit sharing plan, one person 401(k) or other similar plan by December 31, 2013. Establish means the business must sign the plan document and an initial or partial contribution be made. It is not required to make the full contribution. The full contribution must be made by the tax filing deadline as adjusted by a tax extension.

For those farmers or other small businesses which had very good years, a maximum contribution of $51,000 per participant may be made for 2013 as long as such person has sufficient compensation. In general, an employer is limited to contributing 25% of a participant's compensation. The $51,000 limit increases to $52,000 for 2014. If it is expected that 2014 will be as good as 2013, and if cash flow is good, a contribution for 2014 could be made as early as January 2014.

Although an employer does not need to establish its SEP by December 31, 2013 for tax year 2013 and fully fund it, he or she may do so. A farmer or other small business person whose income is suffi-

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## Faulty IRA Information – Roth IRA Article From Certain Investment Firm and the Two Roth IRA 5-Year Rule(s)

IRAs hold over 27% of all retirement plan assets in the United States. People are and should be writing about IRAs. Some articles, including brochures, will sometimes contain errors. A certain investment firm has recently sent a fax to some financial institutions discussing Roth IRAs and some incorrect statements were made. Your institution may have been sent the fax.

November and December are month when some traditional IRA owners decide they are going to do a Roth IRA conversion. Within this article we do not directly name the investment firm, but it is a major firm. The main error within the article is to state that there is always a separate 5-year time period for each distinct Roth IRA conversion contribution.

Why this newsletter article? Many times a CWF client will call us and ask, "why does this article state the tax rules differently than what you have previously told us?"

CWF's answer is, let us review what you are reading and let us make a determination if we are wrong in our understanding of the tax rules or if the investment firm is wrong?

There are actually two 5-year rules which may apply to a Roth IRA distribution. You, your customer, and their advisors want to understand both rules.

The first 5-year rule relates to whether the distribution of income from a Roth IRA will be taxable or not taxable. There is only one 5-year time period for this 5-year rule.

The second 5-year rule relates to whether a person who is under age 59½ when he or she does a conversion will owe the 10% additional tax if he or she takes a subsequent withdrawal from the Roth IRA before he or she has met a second 5-year requirement. For this purpose, there is a 5-year time period determined for each conversion. When a person under age 59½ does a conversion, he or she does NOT owe the 10% additional tax as generally applies when a person is not yet age 59½.

If there was no requirement to leave the converted funds in the Roth IRA for a certain time period after the conversion, any person under age 59½ who wanted to take money from his or her traditional IRA would first convert it to a Roth IRA and then take the distribution from the Roth IRA to avoid the 10% tax.

The lawmakers could have decided on any time period: 3-years, 6-years, 10-years, but 5-years was selected. Having two different 5-year rules is confusing.

The 10% additional tax is not owed by a person who has done a conversion once he or she attains age 59½ or meets the 5-year rule with respect to that particular conversion. For example, a person who is age 57 at the time of the conversion is subject to the 5-year rule and also the 10% additional tax for any distribution he or she would take between age 57 and 59½. The 10% tax is not owed once a person attains age 59½.

Set forth below are various incorrect statements made in the article:

1. "Unlike the 5-year rule that applies to contributions, the 5-year rule applies to each conversion separately; each conversion has it's own 5-year waiting period before a qualified distribution may occur."

   These two statements are categorically incorrect.

   Error #1. The 5-year rule does NOT apply to each conversion separately. Reg. 1.408A-6, Q/A-2 provides there is only one 5-year period for both annual and conversion contributions. The IRS regulation provides, "The 5-taxable year period begins on the first day of the individual's tax year for which the regular contribution is made to any Roth IRA of the individual or, if earlier, the first day of the individual's tax year in which a conversion is made to ANY Roth IRA of the individual. The 5-taxable year period ends on the last day of the individual's fifth consecutive tax year beginning with the tax year discussed in the preceding sentence."

   Error #2. The article states the the 5-year rule applying to "annual" contributions is different from the 5-year rules applying to a conversion contribution. The regulation indicates the 5-year period may be different, but it need not be. For example, a conversion made on December 2, 2013, means

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the 5-year period begins on January 1, 2013 whereas an annual contribution made on March 1, 2014, for 2013 will also have a 5-year period which begins on January 1, 2013.

2. "Recharacterization is only available in connection with converting amounts into a Roth IRA. It is not available for conversions within a qualified plan." This is not well-written. It is true a qualified plan participant who converts taxable funds into a Designated Roth account cannot recharacterize such conversion. However, the first sentence is wrong because a person is permitted to recharacterize an annual contribution by going from a traditional IRA to a Roth IRA or going from a Roth IRA to a traditional IRA.
3. The statement is also made that "IRA conversions can be recharacterized up to October 15 of the year following the conversion." Not everyone qualifies for this extended deadline. The actual law is, a person has until April 15 of the following year to recharacterize a contribution (be it a conversion or an annual contribution). However, if a person filed his or her tax return by April 15 and paid any tax owing, then he or she is given until October 15 to complete the recharacterization.

CWF's explanation is consistent with IRS guidance as set forth in the Regulation 1.408(A) and IRS Publication 590. See Q&A's 2 and 5 of the regulation.

Any article on Roth IRA distributions should explain that the law mandates that distributions come out in the following order: annual contributions, the conversion contributions in order of time (oldest come out first), and then earnings come out last.

A person never owes income tax when he or she withdraws a contribution (annual contribution or a conversion contribution) because such contributions were made with after-tax funds.

A person never owes income tax when he or she withdraws the income or the earnings and the distribution is "qualified." A person does owe income tax on the earnings when he or she withdraws the earnings and the distribution is NOT qualified (e.g. not 59½ or 5-year rule not met). And if this person is under age 59½, he or she will owe the 10% additional on such earnings.

In summary, the investment firm's Roth IRA article contains a number of errors. In 1999 the law was changed so that there is only one 5-year time period for purposes of determining whether nor not a Roth IRA distribution is qualified (tax-free) or not. Believe it or not, everyone should congratulate the lawmakers as they did try to simplify the tax calculation. The original law effective only for 1998 would have required a person to have separate 5-year time periods for Roth IRA conversion contributions versus annual Roth IRA contributions for purposes of whether the income was taxable or not. ◆

## Illustrating the Two Roth IRA 5-Year Rules

**5-Year Rule #1.** This rule is used to determine if income when withdrawn from a Roth IRA will be tax-free or will it be taxable. Remember, under the Roth distribution ordering rules, the income is distributed only after all of the contributions have been distributed, and the conversion contributions are distributed only after all of th annual contributions have been distributed. The conversion contributions are also withdrawn under a first-made-first-out rule.

*Illustration #1.* Jane, age 60, established her first Roth IRA with ABC Bank on March 15, 2010 for tax year 2009 and she contributed $6,000. On June 15, 2011, she made her first Roth IRA conversion contribution of $43,000. On September 8, 2012, she made her second Roth IRA conversion contribution of $65,000. On April 15, 2013, she made another annual contribution of $6,000 for tax year 2012. She has made total contributions of $120,000 and there have been $35,000 of earnings.

Any distribution to Jane after December 31, 2013, will be qualified and tax-free as her 5-year period ends on December 31, 2013. Her 5-year period commenced on January 1, 2009, and it will be met as of December 31, 2013. This means any distribution to her on or after January 1, 2014 will be qualified an will be tax-free. Under the ordering rules, her contributions would be distributed first and they would be tax-free as

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they are never taxable. If she would withdraw the earnings (currently $35,000 and certainly could be more in the future) such amount will be tax-free. Also note, that after Jane's death, any payment to her beneficiary(ies) will also be qualified and tax-free.

**5-Year Rule #2.** This rules is used to determine if the 10% additional tax will apply to an individual who did a conversion when they were younger than age 59½ and then later takes a distribution comprised of their converted Roth IRA funds.

*Illustration #2*. David, age 45, established his first Roth IRA with ABC Bank on March 15, 2008 for tax year 2007 and he contributed $6,000. On June 15, 2008, he made his first Roth IRA conversion contribution of $43,000. On September 8, 2010, he made his second Roth IRA conversion contribution of $65,000. On April 15, 2011, he made another annual contribution of $6,000 for tax year 2010. He had made total contributions of $120,000.

The earnings within his Roth IRA as of December 31, 2008 are $5,000; as of December 31, 2009 are $24,000; as of December 31, 2010 are $32,000; as of December 31, 2011 are $45,000; as of December 31, 2012 are $58,000; as of April 10, 2013 are $65,000; and as of September 15, 2013 are $60,000.

David doesn't qualify for a qualified distribution until he attains age 59½ or he is disabled. It is assumed he no longer qualifies as a first-time home buyer. He has taken the following distributions with the following tax consequences.

On December 5, 2011, he withdrew $12,000 from his Roth IRA. Under the Roth distribution ordering rules, annual contributions are distributed first and therefore he owed no income tax for 2011 since he had withdrawn his own annual contributions.

On March 10, 2012, he withdrew $30,000 from his Roth IRA to repay a loan. Under the ordering rules, the $30,000 is considered to have come from the conversion he made on June 15, 2008. Since he had not met the 5-year rule, he owed the 10% additional tax on the $30,000 or $3,000 for 2012. No income tax was owed on the $30,000 since he paid tax on it in 2008.

On April 10, 2013, he withdrew $17,000 from his Roth IRA to pay another loan. Under the ordering rules, the $17,000 is also considered to have come from the conversion he made on June 15, 2008. Since he had met the 5-year rule, he does not owe the 10% additional tax on the $17,000 for 2013. No income tax is owed on the $17,000 since he paid tax on it in 2008.

On September 15, 2013, he withdrew the remaining $125,000 from his Roth IRA to make what he believed to be a fantastic investment. Under the ordering rules, the first $65,000 comes from his second conversion which he had made on September 8, 2010. Since he had not met the 5-year rules with respect to the conversion of $65,000, he will owe the 10% additional tax on the $65,000 or $6,500 for 2013. No income tax is owed on the $65,000 since he paid tax on it in 2010. With respect to the $60,000, he will pay tax on his amount at his marginal tax rate plus he will owe the additional 10% tax of $6,000 as he is younger than age 59½. ◆

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ciently high and knows that he or she will be able to contribute the $51,000 might as well make the contributions. If an individual is not totally sure they can contribute the $51,000, he or she may wish to make a partial contribution ($20,000, $30,000, 40,000, etc.) until the final tax numbers are known and then make a final contribution. If a person would contribute more than the tax rules would permit, he or she would need to withdraw the excess contribution.

In next months issue we will again discuss the advantages a profit sharing plan or a 401(k) profit sharing plan have over a SEP. The additional costs of such plans are a necessary evil. ◆

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## Using 401(k) Rollover Funds to Start a Business – Not a Good Idea if the Individual Becomes a Compensated Employee

Many individuals would like to start their own business and then manage this business. They wonder if they can rollover 401(k) funds into an IRA, have the IRA establish the business, and then they manage the business.

On October 29, 2013, the U.S. Tax Court in Ellis and Ellis v. Commissioner of Internal Revenue ruled against Mr. and Mrs. Ellis. In 2005 Mr. Ellis had rolled over his 401(k) funds into a traditional IRA and used such funds to establish CST Investments, LLC, a used vehicle dealership. His IRA owned a 98% interest in CST and an unrelated person owned the other 2%. For reasons discussed below, the court found that a prohibited transaction occurred with respect to Mr. Ellis' traditional IRA and consequently his IRA with a value of $321,366.25 was deemed distributed as of January 1, 2005, and federal income and penalty taxes were owed. Since a joint income tax return was filed for 2005, Mr. and Mrs. Ellis owed income tax on the $321,366.25, the 10% additional tax as he was not yet 59½ and the accuracy related penalty tax of 25%.

The prohibited transaction rules as set forth in the Internal Revenue Code section 4975 do not prohibit an IRA accountholder from investing in a start-up business, but they do prevent a person from working at or for the start-up business and receiving compensation or some other personal benefit from the business. Mr. Ellis learned a tax lesson the difficult way.

The Tax Court found that the IRA's act of establishing CST was not a prohibited transaction. This had been accomplished by Mr. Ellis instructing the IRA custodian to purchase certain stock membership units. The Tax Court found, "CST had no outstanding owners or ownership interests before the initial capital contribution and therefore could not be a disqualified person at the time the investment by Mr. Ellis' IRA. Accordingly, Mr. Ellis did not engage in a prohibited transaction when they caused Mr. Ellis' IRA to invest in CST."

The Tax court did find, however, that when Mr. Ellis caused CST, an entity owned by his IRA to pay him compensation of $9,754 for 2005 that a prohibited transaction had occurred. The court's rationale. "To say that CST was merely a company in which Mr. Ellis' IRA invested is a complete mischaracterization when in reality CST and Mr. Ellis' IRA were essentially the same entity. In causing CST to pay him compensation, Mr. Ellis engaged in the transfer of plan income or assets for his own benefit in violation of section 4975(c)(1)(D). Furthermore, in authorizing and effecting this transfer, Mr. Ellis dealt with income or assets of his IRA for his own interest or for his own account in violation of section 4975(c)(1)(E)." Mr. Ellis had tried to argue that the prohibited transaction exemption of Code section 4975(d)(10) applied allowing a disqualified person to receive reasonable compensation for plan administration services rendered, or for the reimbursement of expenses properly incurred. The Tax Court found the exemption did not apply as "the amounts CST paid as compensation to Mr. Ellis were not for services provided for the administration of a qualified retirement plan in managing its investments, but rather for his role as a general manager of CST in connection with its used car business."

The IRS had argued that other transactions were also prohibited transactions. One example, another business was established with the owners being Mr. Ellis, Mrs. Ellis and their children. This business purchased real estate which it leased to CST over a 10-year period. The court made clear that it was unnecessary for it to determine if these other transactions were also prohibited transactions. There only needs to be one prohibited transaction tho have the adverse tax consequences.

One can expect that there will be other tax cases such as this one dealing with whether an IRA accountholder's investment of funds rolled over into an IRA and invested in a start-up is a prohibited transaction. Cardinal rule – the IRA must be making an investment with an unrelated party and all of the earnings or benefits from such investment must belong to the IRA. ◆

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## RMDs for a Son Beneficiary of Dad's 401(k), Traditional IRA and Roth IRA

In 2012 an IRA Custodian had set up three inherited IRAs for John Doe. John's father, Allen, had died in 2012 at the age of 66. John was the beneficiary of his dad's 401(k) plan ($225,000), his dad's traditional IRA ($30,000) and his dad's Roth IRA ($35,200). Allen had established his traditional IRA in 1995 and his Roth IRA in 2003. John had instructed the 401(k) administrator to directly roll over the 401(k) funds into an inherited traditional IRA.

The tax rules are not totally clear that John is permitted to combine the inherited 401(k) funds with the inherited traditional IRA so that there would be just one inherited traditional IRA. Consequently, two inherited traditional IRAs were set up for John and one inherited Roth IRA was set up for John.

John is age 39 in 2013 and he has elected to use the life distribution rule to calculate his RMDs with respect to his three inherited IRAs. December 31, 2013, is the RMD deadline for 2013. It is assumed the amounts as listed above were the FMV balances as of December 31, 2012. The divisor form the single life table for a person  age 39 is 44.6.

RMD Calculation:

Inherited Traditional IRA #1 $225,000/44.6 = $5044.84

Inherited Traditional IRA #2 $30,000/44.6 =$672.65

Inherited Roth IRA $35,200/44.6 = $789.24

The RMD rules allow only RMDs for like-kind IRAs to be aggregated for the special rule that allows a person to withdraw the combined amount from just one of the like-kind IRAs. The combined RMD amount is $5,717.49 and he could withdraw it from inherited IRA #2 if he so chose, or from just inherited traditional IRA.

Since the inherited Roth IRA is not like-kind with respect to the two inherited traditional IRAs, John must withdraw the $789.24 from the inherited Roth IRA. His failure to do so would mean he would owe the 50% under distribution tax.

If the rules was not written in this fashion, almost all beneficiaries in John's situation would never take a distribution from the inherited Roth IRA, but would take it from the inherited traditional IRA. Why? future earnings on the inherited Roth IRA funds will never be taxed (once the 5-year rule has been met), but the earnings on the inherited traditional IRA will be taxable.

Since the distribution of the $789.24 from the inherited Roth IRA is a qualified distribution, it is tax-free and he will owe no income tax on it. Reason code "Q" is to be inserted in box 7 on the Form 1099-R.

John will attain age 70½ in 2044. It is assumed he will have two of his own traditional IRAs. These two traditional IRAs will be like-kind, but his two personal traditional IRAs and his two inherited traditional IRAs will not be like-kind IRAs. So, he would have to take at least one distribution from his personal IRas and one from the inherited IRAs with respect to his dad.

If he would later inherit a traditional IRA from his sister, this inherited IRA would not be like kind with those he inherited from his dad. ◆

## Email Guidance on an Inherited IRA Situation – Spouse Beneficiary.

Questions posed to CWF:

We have a new client who has transferred her IRA to us. This IRA originally belonged to her husband, who passed away in 2008 at age 83. Our client turned 70 on July 23 and in our conversation about taking her distribution, I discovered she is more than 10 years younger than her spouse and he would have been taking distributions. It seems the more I read the more questions I have so I would like to ask to confirm my understanding of several items.

a) Because she is the spouse and sole beneficiary, she could take the IRA as her own and not continue to take his RMDs?

b) We have no liability as the successor trustee of the IRA as to whether the former custodian/trustee paid RMDs to him based on the fact that there was more than 10 years difference in their ages? Does the client need to confirm this with the prior trustee?

c) Because her birthday is July, her RMD begin date

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is January 2014 – meaning she would need to take her first payment by April 2015?

d) If she waits until 2014 to take this initial distribution will she need to take another distribution before 2015?

CWF's Response

a) Has she been receiving RMDs since he died in 2008? If he had not been paid all of the 2008 RMD prior to his death, she would have been required to be paid that amount in 2008. However, any distribution for 2009-2012 would not have been required. This is certainly the case if she had elected to treat his IRA as her own IRA in 2009. This would also be the case if she had not made such election. An IRS rule provides that the failure of a surviving spouse to withdraw the required amount is an act of treating as own. If she was paid distributions in 2009-2012, she was given distributions which were not required.

b) I understand she turned 70 on 7/23/13 and so she will turn 701/2 in January of 2014. You are right; she must take an RMD for 2014 and her deadline is April 1, 2015. She may either take the 2014 RMD in 2014 or she may wait and take two (2014 and 2015) RMDs in 2015. The deadline for the 2014 RMD is December 31, 2015. She will include the 2014 distribution in either the 2014 income or there 2015 income as a person pays tax on a distribution for the year in which he or she receives the distribution. She will include the 2015 distribution in her 2015 income as long as she takes her 2015 distribution by December 15, 2015.

c) If the prior trustee had calculated the RMD by using the Uniform Table and not the Joint Life Table for when the spouse is the sole beneficiary and more than 10-years younger, the result is, each annual distribution was larger than it had to be. Nothing can be done about that fact at this time.

d) She will want to treat his IRA as her own if she has not already done so. She will want to do this as soon as possible.

## Email Guidance on HSAs

#1. Our HSA client has asked if using HSA funds to pay for a plastic surgery expense will qualify as a qualified medical expense.

You should instruct your HSA client that he needs to pose this question to his accountant, attorney or other tax advisor. This is not a question that the financial institution's personnel should be answering.

The IRS in Publication 502, Medical and Dental Expenses provides the following guidance for "Cosmetic Surgery."

**Cosmetic Surgery**

Generally, you cannot include in medical expenses the amount you pay for unnecessary cosmetic surgery. This includes any procedure that is directed at improving the patient's appearance and does not meaningfully promote the proper function of the body or prevent or treat illness or disease. You generally cannot include in medical expenses the amount you pay for procedures such as face lifts, hair transplants, hair removal (electrolysis), and liposuction.

You can include in medical expenses the amount you pay for cosmetic surgery if it is necessary to improve a deformity arising from, or directly related to, a congenital abnormality, a personal injury resulting from an accident or trauma, or a disfiguring disease.

***Example.*** An individual undergoes surgery that removes a breast as part of treatment for cancer. She pays a surgeon to reconstruct the breast. The surgery to reconstruct the breast corrects a deformity directly related to the disease. The cost of the surgery is includible in her medical expenses.

#2. Can you please tell me if each spouse was covered under their own Family HDHP? Would each spouse be able to contribute the Maximum or would they not be able to exceed the maximum?

If one or both spouses have a family HDHP, the tax law has been written that their combined contribution limit is $6,450 for 2013.

This is so even if both have different family HDHPs. They are allowed to split this $6,540 between themselves as they wish, including one spouse may put the entire $6,450 into his or her HSA. And if a spouse is age 55 or over as of December 31, 2013, then he or she may make a $1,000 catch-up contribution into his or her own HSA. Even though each has separate family coverage, each is not authorized to put in $6,450 as could be done if they were not married.

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This limit is a classic case of discrimination based on marital status. If they were not married, each could contribute the $6,450.

#3. I have an unusual situation that we encountered regarding an HSA customer who turned 65 in July of this year. Yesterday she came into our branch office and wanted to deposit HSA funds into her existing HSA with us from another institution that was getting out of the HSA business. The check is made out directly to the customer. The check was issued on 12/9 but she provided no further documentation from the other institution other than what was state on the memo line of the check. Our predicament is how to code the check. What are your thoughts? Should additional paper work be completed before we accept the deposit?

While I am tempted to educate the customer a little bit and deposit it directly into her account as a regular HSA deposit, I am fearful of her falling into over contribution for the 2013 year and make more work for me next spring. Your insight is greatly appreciated.

As with IRAs, a person is generally eligible to rollover an HSA distribution. You will want her to complete and sign the rollover HSA certification form (HSA-65). She will need to comply with the 60-day rule and the once per year rule, but I expect she will.

This contribution will be reported in the rollover box on the Form 5498-SA. A roll over is nontaxable. It does not count against her annual HSA contribution limit. ◆

# What to Do – A Person Wants to Make a Charitable IRA Distribution in 2014

Unless the law is extended, in 2014 a distribution cannot qualify as a charitable IRA distribution. IRA accountholders should be informed of this fact. The laws authorizing a charitable IRA distribution expire on 12/31/13, a person age 70½ or older will be able to direct his or her IRA custodian to withdraw an amount of up to $100,000 from his or her IRA and have such proceeds sent directly to a qualifying charitable organization. The distribution is tax-free if certain rules were met.

### What makes this so attractive?

The majority of tax filers over age 70½ use the standard deduction when filing their taxes, making them unable to claim a deduction for their charitable contributions. Individuals were allowed to withdraw funds from their IRA and contribute them to the eligible charity of their choice. These contributions were then excluded from their income. This exclusion, in effect, was the equivalent of claiming a tax deduction. Needless to say, this provision was also a great benefit for many charities. Since the maximum contribution/deduction amount was $100,000, this benefit was substantial. These contributions were also considered part of the taxpayer's required minimum distribution for the year — another benefit.

### What's the outlook for 2014?

It is very uncertain that there will be new legislation authorizing charitable IRA distributions for 2014. Tax revenues are needed and this provision reduces revenues. The most conservative approach is for a person to wait until a new tax law is enacted authorizing such distributions again. For those individuals over age 70½ and who are willing to assume the risk of a new law being enacted, they could instruct their IRA custodian to send their distribution amount directly to a qualifying charitable organization. The payee of the check must be the charitable organization. If the law would be enacted on a retroactive basis (i.e. for tax year 2014), then it would qualify as a qualified charitable IRA distribution. These individuals must act on the advice of their tax advisers. ◆