



Are you considering converting your traditional IRA to a Roth IRA? Did you know that you may be able to lessen the tax impact through charitable giving? This could be the ideal time to take advantage of the opportunity.

The Lutheran Community Foundation (LCF) can assist you in identifying charitable giving options that complement your financial goals, including a Roth IRA conversion. A common issue with converting to a Roth IRA is how to pay for the income tax generated from the conversion. Consider giving cash, stock, mutual funds or real estate to the LCF and receive a charitable deduction that may be used to offset some of the taxable income generated from a Roth IRA conversion.

BENEFITS TO YOU, THE DONOR

By making a charitable gift along with your Roth IRA conversion, you can offset the tax liabilities associated with the Roth IRA conversion. Plus, you can:

- Fulfill your charitable giving goals, involving family in your giving plan if you wish.
- Create lifetime income along with an income tax deduction.
- Liquidate real estate, securities or a business to bypass gain, create a tax deduction and generate lifetime income.
- Maximize estate planning with traditional and Roth IRAs.
- Only in 2010, you have the opportunity to convert with a special IRA provision that grants you the option to claim 50% of the conversion amount as income in 2011 and the remaining 50% in 2012.

Roth IRA conversions involve important timing and tax considerations. Please consult with your tax or legal professional prior to making a gift. Gifts to charity are irrevocable.

DONOR STORIES

Here's how two donors are incorporating charitable giving through the LCF into their Roth IRA conversion strategy.

Gift of Stock

The Donor. Woman wants to convert part of her traditional IRA to a Roth IRA. She also owns some highly appreciated stock in a separate portfolio that she would like to liquidate.

Her Gift. She makes a charitable gift of stock to the LCF to create a donor advised dynamic fund. She receives a charitable deduction equal to the fair market value of the stock that can be used to help offset some of the income realized in the Roth IRA conversion. She will make annual grant recommendations from her LCF donor advised fund to her favorite charities.

Gift to Create Income

The Donor. Man with highly-appreciated real estate is concerned about the taxes he would pay on the sale. He also would like to convert his traditional IRA to a Roth IRA, and leave it to his children upon his death.

His Gift. He gives the real estate to a charitable remainder unitrust at the LCF. The LCF sells the real estate tax free and will make income payments to the donor for the rest of his life. The gift of real estate to the trust generates a charitable deduction that he may use to help offset some of the income realized by the Roth IRA conversion. Upon his death, the remainder amount from his trust will be used to create a donor advised fund that will provide annual grants in his name to his recommended charities.

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BENEFITS TO YOUR FAVORITE CHARITIES OR CAUSES

You have the flexibility to give to Lutheran and non-Lutheran charities, and the freedom to make changes in the future. You can provide immediate and long-term charitable support, and remain anonymous if you wish.

FOR MORE INFORMATION

For more information, contact the LCF at 1-800-365-4172. You may also wish to visit TheLCF.org to further explore your giving options using the Giving Options Tool.

Charitable giving can result in significant tax, legal and financial consequences. Because the LCF cannot give tax or legal advice, you are strongly encouraged to consult with your personal tax and legal advisors.

To ensure compliance with IRS requirements, be aware that any U.S. federal tax advice that may be contained in this brochure is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing and recommending another party to any transaction or matter addressed herein.

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YOUR PARTNER IN GIVING

The Lutheran Community Foundation is
a public charity working nationally
to help people give to their
favorite charities and causes.

WHAT WE OFFER

- Breadth of giving options, including bequests, cash, stock, real estate, life insurance, or charitable gift annuities and charitable remainder trusts that first pay a lifetime income to the donor or another party.
- Charitable fund options to match your charitable interests, including donor advised funds and collaborative funds.
- Flexibility to recommend Lutheran and/or non-Lutheran charities, and the option to change charities if you wish.
- Maximum tax benefits based on when and how your gifts are made. Gifts can be made during a donor's lifetime or at the time of death.
- Donor-centered programs and online services to help you reach your charitable goals.