

NO MORE LIMITS

Converting from an IRA to a Roth IRA

Did you know that the income limits for conversion of a traditional IRA to a Roth IRA were recently eliminated?

Prior to 2010, if you made more than \$100,000, you couldn't convert to a Roth IRA. In 2010 these limits are gone.

While you still cannot contribute to a Roth in 2010 if your income exceeds \$114,000 (or \$166,000 if you are filing jointly), you *can* make a conversion. The possibility of future tax-free withdrawals makes 2010 IRA conversions attractive.



Many people will make conversions in 2010 because of the benefits of a Roth IRA:

- *Tax-free IRA growth of assets*
- *Future tax-free withdrawals*
- *No required minimum distribution at age 70½*

Roth Conversion Tax Considerations

Keep in mind that you may be taxed at ordinary income levels on your Roth conversion, since your traditional IRA was funded with pre-tax dollars. There are several Roth conversion tax options for you to consider:

- Elect to pay the tax in 2010 when you make the conversion.
- Spread out the taxes on your conversion over the 2011 and 2012 tax years. (The federal government will permit deferral of the tax on a 2010 Roth conversion.)
- Make a charitable gift to The Ohio University Foundation in 2010 to offset the tax.

The Benefit of Making a Charitable Gift in 2010

For higher income earners (who may pay tax at higher rates in 2011) and those who wish to pay the tax this year, a charitable gift to The Ohio University Foundation in 2010 can help you offset your Roth conversion tax. This is because the tax savings from your charitable deduction will result in a dollar-for-dollar offset on your 2010 income.

Here are two charitable gift options for you to consider:

1. **OUTRIGHT GIFT** - For a gift of your cash, stock or other appreciated property, you can receive a charitable income tax deduction that will save you taxes this year.
2. **LIFE INCOME GIFT** - Consider making a gift to fund a charitable gift annuity or charitable remainder unitrust that will provide you with income for life and a current charitable deduction.

Given the taxes you could owe on your Roth conversion, you can see why generating tax savings from a charitable gift makes sense in 2010.

Offset Taxes in 2010 through Charitable Giving

If you are planning to convert your IRA to a Roth IRA in 2010, consider making a charitable gift to offset the tax on your conversion!

For more information on charitable giving options that will meet your needs and enable you to give back to The Ohio University Foundation, please contact us. We look forward to helping you!

Contact Us!

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