



Community Foundation of Southeast Kansas FULL CIRCLE

A Publication of the CFSEK Gift Planning Program

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New Federal Law Allows Tax Free Charitable Transfers from IRAs

A new federal law signed by the President George Bush on August 17, 2006 provides owners of Individual Retirement Accounts (IRAs) a great opportunity to share the wealth of their retirement savings by using retirement plan assets to make significant gifts to charitable organizations.

A provision in the new Federal Pension Protection Act of 2006 (HR4) creates a new option: transferring IRA assets directly to charity. By going directly to charity, the money is not included in the IRA owner's income and therefore is not taxed, preserving the full amount for charitable purposes. The law covers all gifts made this year and next. The new law changes the rules for lifetime charitable gifts from IRAs.

In 2006 and 2007, holders of traditional and Roth IRAs who are at least 70 ½ years old can make direct charitable transfers up to \$100,000 per year. As a qualified public charity, the Community Foundation of Southeast Kansas can help donors execute the transfers and choose from several charitable fund options for their gift (see Options for Giving page 2). Funds at the Community Foundation that qualify for IRA transfers under the new law include scholarship funds, designated funds, field-of-interest funds, and unrestricted funds. Donor Advised funds do not qualify for tax-free IRA transfers. Additionally, transfers to endowed scholarship, field-of-interest, and unrestricted funds will count towards our current challenge from the Kansas Health Foundation to raise \$700,000 in endowed dollars before December 31, 2006. At this time, the CFSEK is needing to raise an additional \$130,000 in order to reach this goal.

The new law provides a window of opportunity for those who have IRA assets to create a fund through the CFSEK. If you would like to find out more, contact Chris Ward or Kim Clark at 620-231-8897.

Options for Giving

Having more retirement money than you need is a great problem to have, and one that's now easier to solve. Generous IRA donors still face multiple options for their gift: Support the entire community? Underwrite a special cause? Shore up a favorite charity?

For your convenience, we're including several options for giving through the Community Foundation of Southeast Kansas. For more information on fund options, contact the CFSEK office at 231-8897.

CFSEK Endowment Fund: Meeting ever-changing community needs.

IRA transfers to the CFSEK Endowment Fund address a broad range of current and future needs. CFSEK Trustees evaluate all aspects of community well-being—arts and culture, community development, education, environment, health and human services—and awards strategic grants to select projects and programs.

For people who care deeply about this community and its people, this fund is an excellent way to address our most pressing needs, today and tomorrow.

Field of Interest Funds: Connecting personal values to long-term giving.

IRA transfers to Field of Interest Funds at the CFSEK allow donors to target gifts to causes important to them: youth programs, the arts, education, the environment, libraries, health care and more. Field of Interest Funds also allow donors to target a specific town or region of the area for their giving. The Community Foundation awards grants to community organizations and

programs addressing the donor's specific interest area.

For those who are particularly passionate about a single cause, or about creating a lasting legacy in their hometown, Field of Interest Funds provide strategic support—even as needs change over time.

Designated Fund: Helping local organizations sustain and grow.

IRA transfers to Designated Funds allow donors to support the good work of a specific nonprofit organization—a senior center, museum, or any qualifying nonprofit charitable organization.

For people who want to help secure the future of their favorite charities, our endowed Designated Funds give the non-profit of your choice a steady stream of income, while giving you the peace of mind that your gift will be used as you intend it to be used.

Scholarship Fund: Opening doors of opportunity for our youth.

IRA transfers to Scholarship Funds allow donors to add to an existing scholarship fund or create a new fund that supports students in a specific field of endeavor.

For those with an affinity for educational causes, a scholarship established to assist students with their educational goals can be an extremely fulfilling endeavor.

If you want happiness for a lifetime, help the next generation.

-Chinese proverb



Kimberly Clark
Development/Program
Director

Hot Topic: Re-evaluating Your Retirement Nest Egg

The new federal law (HR4) signed by the President on August 7, 2006, which allows owners of IRAs to make significant tax-free contributions to charitable organizations has created quite a bit of excitement within the estate planning world. A record number of Americans are participants in tax-favored retirement plans. For many of us, these plans may represent the largest part of our estates. While almost all of us have become concerned with the accumulation of these assets, far to few of us have thought about the distribution of these assets and the resulting tax implications. Based upon the circumstances, taxation on these assets can be quite extensive.

Before considering making a gift of an IRA plan to charity, it is extremely important for people to consider their overall financial and estate planning portfolios. For some of us, it would never be appropriate to gift our IRAs to charity. But for others, especially those whose retirement assets have grown substantially over the years, charitable giving may offer an attractive alternative to having retirement assets eaten by taxes.

As always, we encourage our donors to speak with their financial advisors about partnering with the Community Foundation of Southeast Kansas in regards to charitable gift planning. Please remember that our goals at the CFSEK are to make sure that you, our donor, are comfortable with your charitable planning process and that you are excited about making a charitable gift that will impact the future of the southeast Kansas area forever.



Donor Story: Gifting an IRA



For many years, Joe and Cindy Lee have been strong supporters of their community's performing arts council. They have been active in many theatrical productions and, in particular, have enjoyed working with the Children's Theatre Workshop held each summer. Joe and Cindy have personally funded the Workshop for the past five years and have made plans within their estate to establish an endowment fund at the local community foundation with retirement plan assets to continue supporting the Workshop after their deaths.

In a recent phone call from their financial advisor, Joe and Cindy were told of a new federal law that would allow them to fund the endowment now with dollars from their IRAs. The Lee's were excited to have the opportunity to start their fund and immediately began work to make the gift a reality. As Jim said, "We were going to make the gift eventually, but with this new law, we can make our gift now and enjoy the benefit of watching the Children's Theatre Workshop flourish while we are alive."

COMMUNITY FOUNDATION LEGACY SOCIETY

The Community Foundation of Southeast Kansas Legacy Society was created to thank and recognize individuals who want to make a lasting contribution to their community through a will or trust. Membership in the society is simple: notify us that you have made or intend to make a planned gift or bequest to the Foundation.

You are invited to join in this tradition of extraordinary generosity by adding your name to the list of others who have realized the importance of philanthropy. We value the opportunity to thank donors now and show our appreciation for their generosity

during their lifetime. We hope you will give us the opportunity to honor your visionary giving as you prepare to invest in the SEK area.

Legacy Society Members

(through September 2006)

Gordon and Beverly Elliott

Dorace Miller

Jim and Judy Scudamore

J. Grady Smoot

Frank Tisot

This newsletter was not intended or written to be used, and it cannot be used, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. If you have questions about the articles in this newsletter or would like more information, please contact the CFSEK office at 620-231-8897 or cfseked@mobill.net.

“Be life long or short,
its completeness depends on
what it was lived for.”
- David Starr Jordan -

P. O. Box 1115 • 117 W. 4th St.
Pittsburg, KS 66762-1115



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