

Donating to the Museum from an IRA Account Makes Even More Sense Under the New Tax Law

By Norman Herning, retired CPA and current CCHS Treasurer

If you are approaching or are over 70½ years of age and are withdrawing your assets from an IRA account, the new tax law, "Tax Cuts and Jobs Act of 2017," makes direct gifts from your IRA to the Coos History Museum even more advantageous.

With the new tax law raising the standard deduction for taxpayers over 65 years of age to \$13,600 for singles and \$24,600 for joint filers, and with combined limits on state income and local property taxes of \$10,000, many people will no longer be itemizing but will be using the higher standard deduction, thus losing the tax benefit of your gift to the museum.

However, a special section in the tax code allows anyone over 70½ years of age, with an IRA, to donate up to \$100,000 per year to a public charity such as the Coos History Museum without counting the amount as taxable income. It works as a direct Pass-through. It is not added to your adjusted gross income, but neither is there a contribution deduction. And it does count against your Required Minimum Distribution (RMD), so that you do not need to withdraw as much taxable income to satisfy the requirement.

This gives you flexibility.

- You can donate a portion of your RMD and withdraw the rest of it as normal retirement income.

- Keeping the amount out of your adjusted gross income may help you avoid the Medicare high-income surcharge, which increases your Part B and Part D premiums. At the same time, perhaps it may make a lower percentage, or less, of your Social Security benefits taxable.
- It allows you to obtain the tax benefit of the gift to the museum without having to itemize. And, if you do itemize, this may make a higher percentage of your total medical expenses deductible.

But please be aware: all of the above doesn't work if you withdraw the money first and then make a gift to the museum. (You can still take the contribution deduction in that case, but the IRA withdrawal will be included in your income; and you might still be using the standard deduction anyway.)

For your maximum benefit, the IRA account administrator must transfer your gift to the Coos History Museum directly from the IRA to the museum. The IRA administrator will probably require you to use forms to authorize the transfer of funds. Please consult with your tax advisor and IRA account administrator before initiating a gift.

How does the museum maximize your donation dollars? The museum maintains an investment account at the Coos Bay office of Morgan Stanley Wealth Management managed by long time museum supporter Jeff

McKeown. We also partner with The Oregon Community Foundation which administers two permanent Endowment Funds for the museum (an Educational Endowment and an Operational Endowment fund). These endowments provide you with opportunities to designate gifts to CHM to ensure a long and healthy future for the museum. Note that CHM does not provide financial advice, and donors should review their plans with their professional financial advisor.

If you decide to make a donation to the Coos History Museum using your IRA account, please let us know that it is coming, and whether or not you have any special instructions on how you wish the funds to be used. We want to be able to acknowledge the gift properly and make sure that it is used for the purpose you intended. We also encourage unrestricted donations that support the daily operation costs of the museum. To discuss this further, our Executive Director, Susan Tissot, can be reached at 541-756-6320 EXT 213 or director@cooshistory.org.

Gifts from an IRA

Representative of why and how a donor may approach giving, **Xandra and Joe McKeown** expressed the following thoughts: "The Coos History Museum serves as a key organization to capture, preserve, and tell the stories about the people, culture, and attributes of the South Coast. As a fifth-generation resident of the county, we are happy to help support the museum's capital projects and operations. We utilize the IRA/RMD as a vehicle to make charitable contributions to organizations such as this museum." Another museum donor (anonymous) gave a generous \$35,000 using an RMD account.

We are always looking for volunteers to help out at the museum.

Contact Valerie Caskey at
volunteercoordinator@cooshistory.org
or call 541-756-6320 for more information.