Dear Sangha member,

The so-called “fiscal cliff” law recently passed by Congress and signed by President Obama, formally known as the “American Taxpayer Relief Act” (the Act), includes a little-publicized provision providing a very short window of opportunity for eligible taxpayers to make direct charitable distributions from their IRAs in January of 2013 and count them as made on December 31, 2012. The Act also contains a relief provision for eligible taxpayers who took distributions from their IRAs in December of 2012 (not knowing that the direct charitable IRA distribution exclusion would be retroactively renewed). The Act allows those taxpayers to exclude those distributions from their taxable income (within the prescribed limits) so long as they transfer the distributed funds to a qualified charity by the end of January 2013.

These rules relate to the fact that the Act re-extends through 2013 the exclusion for direct charitable IRA distributions by taxpayers 70½ years old and older. That exclusion had expired as of December 31, 2011. The renewal is retroactive and covers 2012. Given the fact that the renewal of the provision did not occur until January of 2013, Congress is allowing taxpayers a temporary window through January 31, 2013, during which taxpayers may make direct charitable IRA distributions (within the prescribed limits) and treat them as having been made on December 31, 2012. The Act also provides leniency for distributions made from an IRA to a taxpayer in December of 2012, if the funds are subsequently transferred by the taxpayer to an eligible charitable organization by January 31, 2013 (and otherwise meets the criteria for exclusion).

Some taxpayers who meet the criteria for making direct charitable distributions from their IRAs may realize a substantial tax benefit by taking advantage of this unique and very limited opportunity. For taxpayers who qualify, up to $100,000 per taxpayer may be excluded from income under this provision of the law for each year that it applies. If you believe that such a gift may be appropriate for you, we encourage you to promptly consult with your tax advisor and IRA custodian, as this limited window of opportunity in the tax law expires at the end of this month.

Thank you for your continued support of the Rochester Zen Center.

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