



For **good**. For **ever**:

Katrina Emergency Tax Relief Act of 2005 Increases Tax Deductions for All Charitable Gifts

Charitable CASH gifts made by individuals to ANY public charity (with two exceptions) for ANY charitable purpose between August 28, 2005, and December 31, 2005, will not be subject to the 50% annual charitable deduction limitation, nor will the deduction be reduced if the donor has income over \$146,000 and is subject to the 3% phase-out for itemized deductions. The two exceptions are gifts to a Section 509(a)(3) supporting organizations and contributions to a donor advised fund. Gifts to private foundations and gifts of publicly traded stock do not qualify for the exception. Charitable CASH gifts made by Corporations to a public charity during the same time period will be exempt from the 10% corporation limitation, but only if used for Hurricane Katrina relief.

The Katrina Act may make it attractive for some people with IRAs to contribute these assets to charity before year-end. Donors considering this option should be at least 59 ½ years old, have sufficient other resources to take care of their retirement needs, and should also consult with their tax preparers regarding the tax consequences.

The Katrina Act gives donors the ability to offset up to 100% of their taxable income with cash donations, but only until December 31, 2005. In lieu of paying taxes, contributions could be made to your favorite nonprofit organizations.