



NEWS

Contact:

David E. Zumbusch, CFP®
107 Center Drive, Buffalo, MN 55313
Phone: 763-682-9000 • Fax: 763-682-3228
Email: dave@sportsmendream.com



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Uncle Sam Extends Special Invitation through End of 2007, Helps Seniors Make the Most of their Charitable Donations

Local Financial Advisor Offers Tips for Charitable Giving Direct from an IRA Account

BUFFALO, MN (June 28, 2007) – In 2005, Americans contributed more than \$260 billion to charitable organizations, an increase of 6.1 percent over 2004 levels (source: *Giving USA*). But while charitable giving is on the rise and many are feeling philanthropic, David Zumbusch, a CERTIFIED FINANCIAL PLANNER™ professional and founder of Sportsmen Dream Financial, says there are other—sometimes smarter—ways to make charitable contributions than giving straight from your wallet.

“Thanks to the Pension Protection Act of 2006, investors over the age of 70 now have another option for making donations to their favorite charitable organization,” Zumbusch says. “The Act makes it possible to gift up to \$100,000 directly from your IRA to a charity and avoid taxation on the distribution. By avoiding tax on the donation and reducing the IRA account balance, the tax on the remaining balance is also reduced.”

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For example, let's say a 73 year-old person donates \$10,000 annually to the charitable organization. Assuming that the person is in the 40 percent tax bracket and simply makes a withdrawal from the IRA and donates it to the charity of his or her choice, he or she would have had to withdraw \$16,675 from the IRA in order to pay the \$6,670 owed in taxes on the distribution. However, the Pension Protection Act actually allows this person to donate more, if he or she chooses – and to gift the money directly from an IRA account. This special ruling allows the donor to gift the full amount directly from their IRA account. So, the person could actually donate the \$16,675 and make a bigger difference for the charity. Another option would be to donate the \$10,000 and keep the \$6,675 that would normally have been siphoned off in taxes in the IRA account.

“Make no mistake, meeting the IRS’s definition of ‘qualified charitable distribution’ is not applicable to all retirement accounts,” says Zumbusch. “Distributions from employer-sponsored accounts and Charitable Gift Annuities, among others, do not qualify for this tax benefit. A financial professional can help investors figure out if they qualify or not.”

Additionally, not all charities are created equally. Zumbusch advises interested investors to research the organization and determine how it's coded. “Most organizations coded as 170(b)(1)(A) will qualify, while most of those coded as 509(a)(3) will not. For instance, private foundations, supporting organizations and donor advised funds do not qualify for this special tax-free treatment.

Zumbusch warns that those looking to save taxes while supporting their favorite charities have to act soon. The IRS closes the IRA-direct gifting window on December 31, 2007.

About David Zumbusch and Sportsmen Dream Financial

David Zumbusch is an independent financial planner and investment advisor representative with Securities America Advisors. As founder of Sportsmen Dream Financial in Buffalo, MN, he concentrates on helping sportsmen and their families attain personal, financial objectives by educating them on matters related to risk tolerance, market exposure, long range planning, and individual circumstances that might affect their financial well-being. With so many pressures and choices today, Zumbusch believes an independent, objective approach is the way to manage money and improve the financial decision-making process.

Committed to a high standard of fiduciary excellence Zumbusch earned the CFP® mark of distinction from the CFP Board of Standards. Zumbusch is also a member of the Financial Planning Association, the largest organization of professionals dedicated to championing the financial planning process.

Visit www.sportsmendream.com for more information about Mr. Zumbusch and his company.

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NOTE:

When you need an experienced professional to speak on complicated financial topics in an easy-to-understand and engaging manner, please call David Zumbusch at Sportsmen Dream Financial.

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