

## An Update

*Charitable Gifts and Bequests from Retirement Accounts* has been affected by tax changes in 2013 and 2015. References on pages 3 and 8 to annual renewal of IRA rollover gifts should be updated to reflect that qualified charitable distributions were made permanent in the Protecting Americans from Tax Hikes Act of 2015.

The example on page 5 of “Erosion from Taxes of Francine’s \$1 million IRA” should be updated as follows: Federal estate taxes on the IRA would be \$330,000 in 2016, applying a \$5.45 million estate tax exclusion and a 40% estate tax rate. If her daughter were in a 35% federal income tax bracket and 7% state income tax bracket, she would be left with only \$344,500 (34%), after taxes, on the \$1 million IRA.

Page 9 of the booklet discusses “Bonus Tax Savings” for QCDs that reduce AGI. Additional incentives:

■ Individuals with 2016 AGI in excess of \$259,400 (\$311,300 for joint filers) become subject to cutbacks on certain itemized deductions and the reduction or loss of personal and dependency exemptions;

■ Individuals with AGI in excess of \$200,000 (\$250,000 for joint filers) are exposed to the 3.8% Medicare surtax on net investment income;

■ In certain cases, QCDs may reduce AGI enough to keep taxpayers out of the highest 39.6% tax bracket, which carries with it exposure to a 20% tax rate on long-term capital gains and qualified dividends;

■ Medical and dental expenses are deductible only to the extent they exceed 10% of AGI. Taxpayers over age 65 may continue to use the 7.5% floor through 2016.



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