



Tax Planning 2013 ATRA Changes at a Glance

The American Taxpayer Relief Act of 2013 (ATRA) has brought a degree of certainty to our tax law, as well as new opportunities for those with charitable planning goals. Here are some ways that ATRA can benefit you, your family and Cleveland Clinic.

Personal Income Taxes

The good news for most taxpayers is that the personal income tax rates stay where they were in 2012, in tax brackets adjusted for inflation. The 2013 tax rate for single taxpayers whose income is \$400,000 or more, and married taxpayers whose income is \$450,000 or more, has increased from 35% to 39.6%.

Planning Tip

With increased tax rates come increased benefits for making a charitable gift. If you are now in a higher tax bracket, your gift may return additional tax savings.

Higher Long-Term Capital Gains

Most stock and other investment property held more than one year qualifies as long-term gain property. The long-term capital gains tax rate for 2012 was 15% and for 2013 the rate will increase to 20%. For higher income individuals, the new 3.8% Medicare tax also may apply to capital gains, which would make the top rate 23.8%.

Planning Tip

To alleviate the capital gains tax, you could make an outright gift of appreciated stock to Cleveland Clinic. Additionally, you could make a gift of appreciated stock to establish a life-income gift such as a charitable gift annuity. By funding a gift annuity with stock, a portion of the capital gain is forgiven at the time of the gift and the remainder is spread out over your lifetime.

Estate Tax: Exemption Same, Rate Rises

The estate tax exemption for 2013 is indexed for inflation at \$5.25 million, however, the top tax rate increases from 35% to 40% on amounts exceeding \$5.25 million.

Planning Tip

A testamentary gift to Cleveland Clinic would remove assets from your estate, thereby effectively reducing the estate tax.

Gift Tax

In 2013, the federal gift tax exemption (how much you can give away during your lifetime without paying gift tax) is indexed for inflation at \$5.25M, while the top tax rate increased from 35% to 40%.

Planning Tip

You can take advantage of the current gift tax exemption by establishing a charitable lead trust. Assets are placed into a trust, and each year Cleveland Clinic receives a distribution. At the end of the lead trust's term, the assets would be distributed to your children or grandchildren tax-free.

IRA Rollover

The IRA rollover provision has been extended through December 31, 2013. A direct transfer of \$100,000 or less from an IRA to Cleveland Clinic will not be included in taxable income for donors age 70 ½ and older.

Contact Us

We are here to help. If you would like more information about making an outright or a planned gift to support Cleveland Clinic, please contact us:

Visit us online at www.clevelandclinic.org/giving

Call us toll free at 800.223.2273 Ext. 41245 or dial 216.444.1245

Email us at giftplanning@ccf.org