

A message from Ralph A. Gregory, President and CEO

December, 2006

We are committed to sharing important financial planning information with our most dedicated supporters on a periodic basis. That is why we are writing to you at this time.

As you may be aware, you may have a new option for supporting one or more charities through tax-free direct gifts from your IRA. Congress has just passed legislation that allows you to make tax-free contributions from your IRA, helping you to make an even greater impact on United Way and other charities you care about.

To benefit from this bill, donors must be 70½ and make direct contributions from IRAs. Even more good news...direct contributions satisfy IRA minimum distribution requirements. Although not affected by the new legislation, younger donors over 59½ may discover other benefits by giving from retirement assets. Check with your advisors for details.

How will this new legislation be helpful?

Consider Mary Smith, age 73. Typically, Mary makes charitable contributions each year totaling \$10,000. She must take \$10,000 out of her IRA this year to satisfy the minimum withdrawal requirement. Since she does not itemize, there is no charitable deduction to offset the tax on her \$10,000 IRA withdrawal. With the new legislation, Mary makes direct contributions of \$10,000 from her IRA. This satisfies her minimum withdrawal and there is no tax.

High income donors may also experience tax savings.

Before this legislation, Bill Green could not always offset the tax on his IRA withdrawals with an equal charitable deduction. Because of his high adjusted gross income (AGI), the amount he could deduct was reduced...exposing some of his IRA withdrawals to taxation. Now, because of the new legislation, his direct IRA contributions are not included in AGI...and there is no tax.

However, this new legislation only applies in 2006 and 2007 and is limited to \$100,000 each year.

For more information, please contact Kathleen Haverlack, vice president for major gifts (914-997-6700, ext. 760). Donors should also contact their advisors to determine how the new legislation might affect their own situation.

A complimentary brochure outlining the benefits of giving to United Way from an IRA is enclosed.

United Way of Westchester and Putnam Affiliated Communities
The United Ways of:

Bronxville-Eastchester-Tuckahoe • Harrison-Purchase • Larchmont-Mamaroneck • Mid-Hudson • Mount Vernon • New Rochelle • Northern Westchester • Pelham • Putnam • Rye • Scarsdale-Edgemont • The Tarrytowns • Town of Rye/Port Chester/Rye Brook • Greater White Plains • Yonkers