

Our Guild This Month

"Dedicated exclusively to the retirement well-being of California dentists and their staff"

October 2006

Make Charitable Donations from an IRA

If you have any questions or comments, please contact:
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Important Dates:

ALL Transactions *must* be received by 10:00 am.

Transfers or Terminations:
Friday, October 27, 2006

Contributions:
Tuesday, October 31, 2006

The Pension Protection Act of 2006, which Congress passed in August, focuses primarily on pensions and retirement savings. But it also included some new charitable-giving rules.

The biggest news for retirees is the change in the law permitting charitable donations of IRA money. For 2006 and 2007, people age 70 ½ and older can give up to \$100,000 per year from their IRA directly to a charity and avoid paying income taxes on the money.

These new rules are particularly helpful for retirees who need to take required minimum distributions from traditional IRAs that have increased

significantly in value through the years – and would owe a big income-tax bill on their withdrawals—but don't need the money to live on. The contributions count as your required distribution but aren't included in your adjusted gross income.

If you avoid the tax bill when you give away your IRA money, however, you can't double dip tax breaks and write off the charitable contribution, too. But you don't have to itemize to qualify, which finally gives retirees some tax benefits for charitable gifts even after they've paid off their homes and are taking the standard deduction.

The money must be transferred directly from the IRA trustee to the charity (contributions to donor-advised funds aren't eligible), which could cause some logistical complications.

Talk with the charity first about what documentation you need to provide to make sure the charity knows who gave the gift and can give you a receipt for your tax records. The American Red Cross, for example, plans to create a letter of instruction that donors can give to their IRA trustee and the charity, which will make it easy for everyone to know whom the money is coming from and where it's going.

Destination Funds: Part II

*This is the second part in a continuing series about Destination Funds taken from **The Wall Street Journal**.*

Destination Funds are best for people looking for a hand-off approach to investing. The funds

typically provide a diversified portfolio by investing in a range of other, traditional mutual funds.

These funds are soaring in popularity: About 40% of people in 401(k) plans that offer life-cycle funds

have money in them, according to Hewitt Associates Inc.

Hands-off investors should choose a fund with a "target date" corresponding to their ex-

(Continued on next page)

CDG

California Dentists' Guild
Established 1966

Audit Update

The California Dentists' Guild 2005 audit passed with flying colors. We received an unqualified opinion for our 2005 financial statement audit.

If you have any questions about the 2005 report or the audit process, please contact Elizabeth Clark in the Guild Office.



(Continued from previous page)

pected retirement, and direct all their savings to that fund.

The disadvantage is their one-size-fits-all approach. Two people retiring on the same day can, of course, have completely different financial goals and appetites for risk.

How to choose Destination Funds:

- Since Destination Funds basically invest in other mutual funds, check the track records carefully of the underlying funds.
- Avoid ones that charge additional fees on top of the expenses of the underlying funds.
- Two funds with the same target date may have significantly different weightings in stocks and bonds.

Major Index Close: September 30, 2006
DJIA = 11,679 SPX = 1336 Nasdaq = 2258

Major Index Close: December 31, 2005
DJIA = 10,718 SPX = 1286 Nasdaq = 2205

QUALIFIED PLAN

As of 09/30/06

<i>Fund</i>	<i>Unit Value</i>	<i>Asset Value</i>
TKF	1.8927	1,884,828
HBF	12.5893	1,635,133
SIF	22.2226	3,619,502
FEF	25.0706	5,657,027
MIF	26.7665	5,879,595
LGF	6.8604	1,430,928
LVF	12.7616	1,314,975
SRF	10.5427	335,133
SPF	10.1405	3,593,687
VEF	417.0817	34,203,862
REF	30.1809	5,212,208
AAF	172.2294	7,420,136
BIF	15.3988	3,727,765
GMF	11.3540	739,797
SAF	1.0000	6,492,449
CDF	1.0000	6,623,590
D15	9.5993	53,951
D25	10.2306	140,245
D35	9.9077	23,020
D45	10.0847	95,621

Total Qualified Retirement:

\$90,083,452

IRA

As of 09/30/06

<i>Fund</i>	<i>Unit Value</i>	<i>Asset Value</i>
ITK	1.8867	306,413
IHB	11.1560	259,879
ISV	44.9685	2,496,596
ILG	6.8564	532,519
ISP	17.9891	1,378,356
ILV	14.5352	409,125
IRE	23.2171	1,251,766
IBP	29.6289	1,653,063
IBF	10.5193	286,693
ISA	1.0000	1,643,698

Total IRA:

\$10,218,108

Total Guild:

\$100,301,560