



# Questions & Answers About Retirement Plan Giving

---

## Doing More with Your Retirement Plans

To provide funds for retirement needs, many people use savings vehicles such as Individual Retirement Accounts (IRAs), 401(k)s and similar plans. Such tools have proven to be a very popular way to help secure their financial future and that of loved ones. These funds can also serve another important purpose—as a wise source for charitable gifts.

Read on for answers to commonly asked questions concerning gifts of retirement plan assets.

## Your Questions Answered

### **Q. What are the benefits of giving retirement plan assets?**

**A.** If the funds in your tax-favored retirement plan exceed your current or future needs, giving from this source may be a good option.

Sharing these assets with charitable interests as part of your retirement planning can be a wonderful way to give while minimizing taxes that may otherwise be due.

### **Q. How can I make charitable gifts from a retirement plan?**

**A.** Those age 70½ or older can make tax-free charitable gifts directly from a qualifying IRA. Charitable distributions totaling up to \$100,000 per person per year are permitted.

If you are age 59½ or older, you can make immediate gifts using funds from your IRA or similar retirement plan that may result in little or no tax on the amounts donated.

Those who itemize deductions can report the amount withdrawn from their account and then take an offsetting charitable deduction. Check with your tax advisors for the specifics of your situation.

### **Q. How much can I withdraw from retirement plans and give to charity?**

**A.** You are generally allowed to eliminate tax on cash gifts of up to 60% of your adjusted gross income (AGI).

Withdrawals from retirement plans increase your AGI and, along with it, the maximum amount of charitable gifts you can deduct.

**Q. What if I am required to take withdrawals I do not need?**

**A.** Consider using all or a portion of a required withdrawal to fund charitable gifts. You may reduce or eliminate taxes that would otherwise be due on the amount withdrawn if you itemize your charitable gifts and other deductions.

In the case of an IRA, gifts totaling up to \$100,000 per year count toward your required withdrawal and are not reportable for federal tax purposes.

**Q. Can I save taxes by leaving all or a portion of retirement assets to charity?**

**A.** Yes. Funds remaining in retirement accounts after your lifetime are considered part of your estate and could possibly be subject to state and/or federal estate taxes.

For most people, any retirement funds left to heirs will be subject to income tax when received.

You may wish to designate that charitable gifts be made from remaining retirement funds and leave other assets to loved ones. This will ensure no income tax will ever be due on any residual retirement fund balances.

**Q. Can I leave assets in my retirement plan to charity as a contingency after I provide for other heirs?**

**A.** Yes. You can state that charitable gifts be made only after first providing as you wish for your heirs, or in the event your spouse or other heirs do not survive you.

**Q. Is it possible to make a charitable gift of remaining retirement funds while first providing an income for loved ones?**

**A.** Yes. You may arrange for one or more people to receive an income for life or another period of time. At the end of the term you choose, the funds remaining will be devoted to charitable purposes you designate. This option can result in significant tax savings while helping to ensure future financial security for heirs.

**Q. How do I make a charitable gift from what remains in my retirement plan?**

**A.** Ask the administrator of your plan for a change of beneficiary form. You can then designate one or more charitable interests as a beneficiaries to receive all or a portion of your retirement plan assets under conditions you stipulate.

## **Conclusion**

We will be pleased to provide you and your advisors with more information about ways to include charitable gifts as part of your retirement planning and other long-range goals.