Smart Giving: Retirement Assets

Retirement plans (e.g. IRAs, pension plans, TIAA-CREF plans, etc.) are the most highly taxed assets for family members (other than spouses) to inherit. Depending on what you own, your heirs could lose up to 80% of the plan balance to income and estate taxes, both state and federal. If everyone designated a modest percentage - even as low as 5 % of their retirement assets - to church or charity, our community would be forever changed.

Retirement plan beneficiary designations to charity are separate from wills, entirely revocable, and the most tax-wise gift option for many individuals. Beneficiary gifts are easy to make. Simply obtain a change of beneficiary form from your plan administrator. Many retirement plans provide change of beneficiary forms online. Then designate your favorite charity or charities as a full, partial, or contingent beneficiary. Because of fluctuations in the market, it is generally best to utilize percentages rather than dollar amounts when you are designating your beneficiaries. Last, return the form to the appropriate office.

If you would like to learn more, please contact Elaine Peck at 765.653.4978 or www.pcfoundation.org.

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Many people aged 70 ½ and older find that they do not need all the income provided by required minimum distributions (RMDs) from Individual Retirement Accounts (IRAs). Avoid paying income taxes on required minimum distributions with an IRA Charitable Rollover gift. Transfers up to $100,000 made directly to the Community Foundation by December 31, 2013 are nontaxable events. Let us help you and your plan administrator to be sure that the IRA gift is transferred to the Community Foundation prior to its being sold or liquidated.

For a charitable gift made from an Individual Retirement Account (IRA) not to be taxed as income, the following must be true:

- the IRA holder is age 70½ or older;
- the gift totals $100,000 or less;
- the charity that received the gift is eligible to receive tax-deductible contributions;
- the charity is not a section 509(a)(3) supporting organization; and
- the withdrawal is transferred directly from the IRA to the charity.

The donor does not need to itemize his or her taxes to benefit from the distribution. If the donor does itemize, however, he or she cannot also take the distribution as a deduction.

The Community Foundation encourages you to always consult your financial advisor and/or attorney when making a planned gift.

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