

**Q. What if I am over 70½ and am required to take withdrawals that I do not need for my support?**

**A.** You may want to consider using all or a portion of the required withdrawals to fund charitable gifts, thus eliminating all or part of the taxes that would otherwise be due on the amount withdrawn.

**Q. Is there any limit on how much I can withdraw from retirement plans and give to charity?**

**A.** No, but keep in mind you are generally allowed to eliminate tax on up to 50% of your adjusted gross income (AGI) through charitable gifts of cash. When you take withdrawals from retirement plans, you increase your AGI and, along with it, the amount of charitable gifts you can deduct. That is an often-overlooked benefit of making gifts with retirement plan funds. Your tax advisor can assist you in determining the optimum amount to give from retirement plan accounts.

**Q. Should I always make my gifts in the form of the cash I withdraw from my retirement account?**

**A.** Usually, but it may be wise to use securities that have increased in value to make a gift equal to the withdrawn amount. In that case, you effectively protect your withdrawal from income tax while bypassing capital gains tax on the contributed assets.

**Q. What if I would like to give more than one charity a portion of my retirement plan assets?**

**A.** There is no limit to the number of charities you may select to receive a part of these assets. Just as many choose to leave gifts through their will and other long-range plans to more than one charitable interest, you are free to designate more than one charitable recipient of varying amounts from your retirement plan.

We will be happy to provide you and your advisors with more information about ways to incorporate charitable gifts into your retirement planning and other long-range plans.



## Questions & Answers About Retirement Plans

## Unleash Potential From Retirement Plans

MILLIONS OF Americans take advantage of retirement opportunities such as IRAs or 401(k)s. These plans allow people to delay payment of taxes on money they save for future use. These retirement funds then grow tax free until the time of withdrawal. Such plans have proven a very popular way to help secure one's financial future and that of their loved ones.

But did you know that retirement plan assets can also make a great gift to charity? While such assets are often overlooked as potential charitable gifts, they can be a convenient, tax-favored giving option for charitably minded individuals.

What follows are commonly asked questions about giving retirement plan assets. You may find that such gifts are a good addition to your plans both now and in the future.

### Answers to Frequently Asked Questions

#### **Q. Who should consider giving retirement plan assets?**

**A.** Anyone who has set aside money in a qualified retirement plan and wishes to benefit favorite charitable interests now or in the future may want to consider this option. Sharing tax-favored assets with charitable interests as part of your retirement planning can be a wonderful way to continue a life-long commitment to helping others.

#### **Q. Can directing a portion of my retirement assets to charity help save taxes?**

**A.** Yes. Funds remaining in your retirement accounts at death are considered part of your estate for federal tax purposes and could be subject to estate taxes. Unlike most other assets left to heirs, however, any retirement funds that remain after estate taxes will also be subject to income taxes. Many well-advised people choose to avoid this “double taxation” by funding charitable gifts from their estate with retirement funds. Designating that charitable gifts be made with retirement funds and leaving other assets to family members or other loved ones ensures that no estate or income tax will ever be due on any balance remaining in retirement accounts.

#### **Q. Can I leave assets in my retirement plan to charity on the condition that other heirs have already been provided for?**

**A.** Yes. You can designate that a specific amount go to any number of heirs first and only remaining funds go to charity. Or you can provide for charitable gifts only in the event your spouse or other heirs do not survive you.

#### **Q. Is it possible to give my family income from retirement plan assets and still make a charitable gift?**

**A.** Yes. You may arrange for one or more persons to receive a fixed or variable

income for life or other time period you determine. At the end of the term you choose, the funds remaining will go to your specified charitable interest. This option can result in significant tax savings while still helping to assure future financial security for your heirs.

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

**A.** It is a simple process. Ask the administrator of your plan for a Change of Beneficiary form. You can then designate one or more charitable interests as a beneficiary to receive all or a portion of your retirement plan assets under whatever conditions you stipulate. There is normally no charge for making a beneficiary change.

#### **Q. Can I make charitable gifts during my lifetime using retirement assets?**

**A.** Yes. If you are over the age of 59½, you are generally allowed to withdraw funds from your retirement accounts without triggering an “early withdrawal” penalty. You will report the withdrawal amount for income tax purposes, but you will normally be allowed an offsetting charitable deduction that can result in no income tax being due. Many have found this to be a convenient “pocket” from which to make their charitable gifts.