

IRA & QUALIFIED RETIREMENT PLANS*

Retirement plan assets are some of the most tax efficient assets to transfer to charity upon death. Distributions directly to heirs from most IRAs and qualified retirement plans at the end of your client's life can be subject not only to income tax and estate tax, but potentially to other types of taxes as well. By transferring assets in your client's IRAs and certain qualified plans to a Community Foundation or specific nonprofit at death, your client can fulfill their charitable goals and your client's heirs can completely avoid any taxation.

Exception: distributions to individuals from Roth IRAs and Roth 401(k) plans are normally not subject to income tax, although they can be subject to estate and generation-skipping transfer taxes.

Naming a Nonprofit as Your IRA or Qualified Plan Beneficiary

Your client can designate a specific nonprofit(s) as your client's IRA or qualified retirement plan beneficiary. In addition, your client can also designate a Community Foundation or your client's "fund" at the Community Foundation as your client's beneficiary. These funds can be used to establish the charitable fund of your client's choice at the Community Foundation.

To name a nonprofit or a Community Foundation as beneficiary, contact your client's IRA or qualified retirement plan administrator and request a "change of beneficiary" form.

Using an IRA to Establish a Charitable Remainder Trust

Another option for using your client's IRA or qualified retirement plan to accomplish your client's philanthropic objectives is to designate a charitable remainder trust as the beneficiary at the end of your client's life. In so doing, your client will provide life income to one or more surviving family members as well as an eventual gift to the specified nonprofit or "fund" at a Community Foundation.

*Please note that the information contained herein is not intended to provide specific legal or financial advice and should not be relied upon as a substitute for such professional advice. Leave 10 Kitsap encourages you to seek professional legal, estate planning and financial advice before deciding on a course of action.