

Benefits from Retirement Plans

People who have IRAs, 401(k) plans or other retirement plans are often shocked to learn that as much as 60% of their accounts can be lost to taxes at their deaths. A combination of state and federal “death taxes” and income taxes can severely deplete your savings, leaving little remaining for your heirs.

If you make the charity the beneficiary, however, 100% of all taxes would be avoided. You can use your IRA to benefit both family members and the charity’s future, with excellent tax results. For example, you can leave your retirement account to a trust that will pay income for life (or a fixed term of years). Or you can leave part of your retirement account to the charity and the rest to family members. At the very least, consider making us the alternative beneficiary and give your heirs the right to “disclaim.”

Heirs who understand the severity of taxes may find it satisfying to have retirement assets pass 100% to a worthwhile cause.

It’s simple to make a gift of an IRA or other retirement account. Just instruct the custodian of your account to name the charity as death beneficiary. IRS distribution rules make charitable designations both simple and attractive. The custodian can provide you with the appropriate forms.

Note: With the exception of IRAs, a spouse’s consent is needed for charitable bequests from retirement accounts.

Information and text of this document courtesy of AXA/Equitable Charitable Planning Guide
Please contact your financial advisor for the most up to date information.