

Gifts of Retirement Assets

Photo: Jeanel Drake / Partners In Health
Village Health Worker Eneless Manyamba practices a presentation on the importance of prenatal care during a training in Mwanza, Malawi, on Feb. 6, 2015.



A Tax-wise Way to Give

Did you know you can create a legacy at Partners In Health without changing your will or parting with any assets now? You can designate PIH as a beneficiary of your retirement accounts and benefit from one of the most tax-wise ways to support the organization you care about.

Making a gift of retirement plan assets, IRA's, 401(k), 403(b), and other qualified plans, is easy to do. You do not need to modify your will or living trust. You can name PIH as the sole beneficiary or as one of several. This allows you to make a gift while still providing for family members or other loved ones. At your passing, that portion of left-over funds will be paid to PIH in a lump sum, totally tax-free. In the meantime, the funds remain available to you should you need them to meet your own needs, and, if family circumstances change, you can adjust the portion allocated to PIH.

OTHER ADVANTAGES BESIDES TAX SAVINGS:

- It is easy to arrange. You simply request a beneficiary designation form from your plan administrator. There is no need to change your will or living trust.
- You can designate Partners In Health as beneficiary of whatever portion you choose. For example, it might be 10 percent or 35 percent of the account. If you have otherwise provided for heirs, you could leave the entire balance to PIH.
- The gift is revocable. You retain full control of your retirement funds should you need them, and you can change beneficiaries at any time.

EXAMPLE:

Option 1

Give \$250,000 from your general estate assets to PIH and the IRA to your children.

Income tax savings \$0

Net cost of gift \$250,000

Option 2

Give the IRA to PIH and other assets to your children.

Estimated income tax savings \$87,500

(assuming a 35% combined federal and state tax rate for the children)

Net cost of gift \$162,500

(\$250,000 - \$87,500)

General rule: Upon death, it is better to make charitable gifts with IRAs and qualified retirement funds and give other assets such as cash, securities, and real estate to heirs.

Taxation of retirement plan assets

Retirement assets are considered 'non-probate assets' and generally pass outside of the will or living trust. However, they are still considered to be a part of an individual's estate and the fair market value of these assets, along with all other estate assets, will be subject to possible state and federal estate taxes.

Every dollar your heirs receive (other than your spouse) from retirement accounts would be subject to income tax (unless the distribution derives from a Roth IRA). Depending on the size of the estate, retirement funds, like other estate assets, may be subject to estate tax. However, distributions from retirement accounts to a charity are subject to neither income tax nor estate tax.

Outright Gifts of Retirement Assets

If you are over 59 ½ years of age, you might also consider an outright gift from your IRA or 401(k) or 403(b) plan. While the withdrawal will typically be a taxable event, your charitable deduction would offset the taxable income, provided you itemize your deductions and can claim the full deduction in the year you make the gift.

Make a tax-free gift from your IRA

Are you 70.5 or older and do you have a traditional IRA? If so, you can donate to Partners In Health directly from your IRA to advance the intersection of social justice and medical work. Funds withdrawn from your IRA usually count toward your annual income, which increases your overall tax burden. IRA gifts are generally tax-free regardless of whether or not you itemize on your return. You can give up to \$105,000 tax-free. If you are 73 or older, you can even fulfill your Required Minimum Distribution (RMD) for this year through an IRA gift.

Visit FreeWill.com/QCD/PIH or [click here](#) to learn more and make your contribution.

NEXT STEPS:

To receive further information and assistance on gift of retirement assets please contact our Gift Planning Office:

call (857) 880-5717

email giftplanning@pih.org

* Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.



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