



Make the Most of Your Retirement Plan Assets

Did you know that retirement accounts are exposed to federal income taxes that could be as much as **37%** upon your death? The good news is that these taxes can be eliminated or reduced through a carefully **planned charitable gift**.

How Retirement Accounts are Taxed

Qualified retirement plans receive favorable income tax treatment during your lifetime. No federal income tax is owed on the funds as they are contributed, and no federal income tax is owed on the earnings and appreciation while in the plan. You pay taxes on the funds only when you withdraw them. Giving the account balance to individual heirs exposes them to federal income **taxes up to 37%** on the funds. Your retirement dollars can be seriously depleted by this taxation.

Do More With Your Retirement Account

If you've thought about contributing to **The NACC**, consider giving IRA assets to us and giving other assets that are not as heavily taxed to family members. As a nonprofit organization, we are tax-exempt, so we can use 100% of your retirement plan assets. Upon death, your account can pass directly to us as your primary **beneficiary**¹. Or, it can be used to pay an income to someone you name for his or her lifetime, after which the remaining assets pass to us.

EXAMPLE

*Bill is considering adding a charitable gift to his will, with the residue of his estate passing to his children. If he decides instead to name **The NACC** as beneficiary of his IRA, the death benefit passing to us will be free of any income tax obligation. His children will benefit from this change because, rather than getting the IRA proceeds that are subject to income tax, they will receive other assets of his estate that are free of income taxes.*

IRA CHARITABLE ROLLOVER

If you are 70 ½ years or older, you can give any amount up to \$100,000 from your IRA directly to a qualified nonprofit such as **The NACC** each year without having to pay income taxes on the money. This is known as an IRA charitable rollover. Because this transfer does not generate taxable income or a tax deduction, you benefit even if you do not itemize your tax deductions. If you have not yet taken your required minimum distribution for the year, your gift can satisfy all or part of that requirement. By making a gift now, you get the satisfaction of seeing your support in action today.

Beneficiary¹: An individual or organization designated to receive benefits or funds under a will or other contract, such as an insurance policy, trust or retirement plan.

Provide Income for a Loved One

Another tax-benefiting possibility is to give retirement assets at your death to a tax-exempt deferred giving plan, such as a charitable remainder unitrust or a charitable remainder annuity trust. You designate who will receive income for life or a term of up to 20 years from the trust. The income can be either fixed or variable – whichever you choose. After the death of your income beneficiary, the remaining balance will support our work.

By naming a deferred giving plan as the ultimate beneficiary of your retirement account, income taxes can be deferred until paid from the trust to the income beneficiary you designate.

The simplest way to leave the balance of a retirement account to us after your lifetime is to list us as the beneficiary on the beneficiary form provided by your plan administrator. If you are married, your spouse must sign a written waiver, even though you may designate a nonprofit organization as beneficiary on your employer's forms. A waiver is not required for IRAs, however. If you prefer to make your spouse the primary beneficiary of the retirement account, you can name us as the contingent beneficiary. For your children to benefit, you could designate a specific amount to be paid to us before the division of the rest among them.

Ways to Donate Your Retirement Account

1. List us as **beneficiary** and have your spouse sign a written waiver, if necessary.
2. Make us **contingent beneficiary** to your spouse.
3. Want your children to benefit too? **Designate a specific amount for us** with the remainder for your children.

Note:

For more information, please seek guidance from an estate planning attorney, a CPA or other professionals who are thoroughly versed in this area of tax law, because the laws vary depending on when and how you make the gift.

The information in this publication is not intended as legal or tax advice. Figures cited in any examples are for illustrative purposes only. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.

[Sample letter: Request from donor for direct charitable distribution from an IRA]

Insert Date

Name of IRA administrator

Address

City, State, Zip Code

RE: Request for Direct Charitable Distribution From IRA

Dear (name of IRA administrator):

Please accept this letter as my request to make a direct qualified charitable distribution from my individual retirement account number [insert number here] as provided for by Sec. 112 of the Protecting Americans from Tax Hikes Act of 2015 and Sec. 408(d)(8) of the Internal Revenue Code of 1986, as amended.

Please issue a check in the amount of \$_____, payable to **The NACC and mail it to:**

Niagara Arts & Cultural Center-Finance Office
1201 Pine Ave
Niagara Falls, NY 14301

The qualified charitable organization's federal tax identification number is: 14-1828590

In your transmittal to the above-named charitable organization, please memorialize my name and address as the donor of record in connection with this transfer, and copy me on the transmittal at the address below.

It is my intention that this gift complies with IRC 408(d)(8). It is also my intention to have this transfer qualify during this tax year.

If you have any questions or concerns regarding this request, I can be reached at *[insert your phone number and or email address]*.

Thank you for your prompt attention to and assistance in this matter.

Sincerely,

Your name

Your address

City, State, Zip Code

Your phone number and/or email address