

Gifts of Retirement Plan Assets

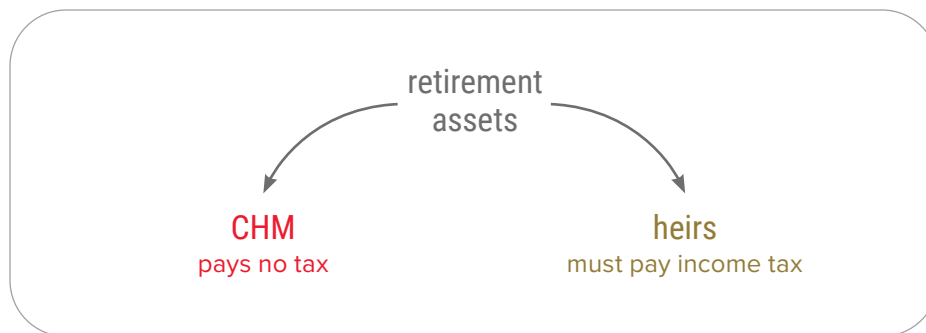
Qualified retirement plan assets are heavily taxed when passed to heirs but tax free when given to charity. Donating retirement plan assets can reduce or eliminate these taxes while simultaneously providing more for family members, who can receive other assets free of income tax and often with a step up in basis.

Concept applied:

A donor who wishes to leave assets to both heirs and charity may enjoy substantial tax savings by selecting retirement assets to make the gift through a beneficiary designation or a testamentary charitable remainder trust.

How it works:

Roland Carlsson makes a charity the beneficiary of his qualified retirement account instead of his adult daughter, Evelyn, because she would owe income tax on all inherited retirement assets. Roland leaves Evelyn appreciated stock instead. Evelyn will not be taxed on the transfer, and when she sells her inherited stock, she will only be taxed on gains realized during her ownership period (not on the appreciation during Roland's life)—a definite win-win!



Why is it useful?

Assets held in a qualified retirement plan or traditional IRA receive favorable income tax treatment—participants are not taxed on contributions or growth, but only on withdrawals. Leaving retirement assets to heirs is a taxable event, but leaving these assets to charity is a tax-efficient alternative, fulfilling charitable goals while removing the income tax burden from heirs.



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This complex present and even more uncertain future requires a new citizenship—one that is equipped with knowledge, inspired by vision, and empowered to take action; one that values problem-solving, critical thinking, and collaboration; one that sets innovation and leadership in pursuit of equitable growth; and one committed to creating a sustainable future and improving the quality of life for this generation and the next.

CHM is in a unique position to empower people as catalysts for change inside our current technological revolution. CHM is using its extensive network and historical expertise amassed over four decades to promote a new citizenship for the digital age, bringing together companies and nonprofits, government leaders and policymakers, scholars and educators—because it will take all of us working together to build the future we envision.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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