Everence Foundation

Donating your IRA or 401(k) to charity

Increase your control and reduce your taxes

If you have a traditional IRA or a 401(k)/403(b), you already know these options can be powerful vehicles for accumulating tax-deferred savings. But did you know that donating your qualified retirement plan to charity at your death can prevent your family or other beneficiaries from paying substantial taxes that otherwise would be due?

How it works

Donating your qualified retirement plan to charity as a legacy gift has significant advantages. For starters, these gifts allow your heirs to avoid income taxes and potentially estate taxes - upon your passing. Depending on the size of your estate, the tax savings could be substantial. Plus, you get the satisfaction of knowing that after you're gone, your legacy will live on through the meaningful work of your favorite charities that you designate as beneficiaries of your gift.

How to make a legacy gift

Making a legacy gift of your qualified retirement plan involves a few proactive steps:

- Name Everence Foundation as a beneficiary of your retirement account. A foundation representative can help you divide your gift among as many charitable beneficiaries as you like.
- If you have a traditional IRA, you also may want to purchase a life insurance policy to expand the influence and reduce the taxation of your legacy. Donors over the age of 72 (70½ if you were born on or before June 30, 1949) are required to take a minimum distribution of their IRA each year. A portion of that distribution can be used to pay the premiums of a life insurance policy.

Upon passing of the policy owner, benefits of the insurance policy are paid to the beneficiaries and some or all of the IRA balance goes to the charities that you selected, tax free.

A case study on the back of this page illustrates how this works.

What charities receive

Charities depend on the generosity of donors like you to keep their missions alive. Making a legacy gift of your qualified retirement plan to Everence Foundation can accomplish just that - extending your legacy far beyond the reaches of your natural life.

What you receive

The tax advantages of donating your qualified retirement plan through Everence Foundation allows you to be even more generous to your favorite charities. The tax savings often allow you to leave an even larger legacy for your heirs.

Advantages

- **Avoid paying taxes.**
- **Increase your legacy for heirs.**
- **Increase amounts available for charity.**

Qualified charitable distributions

A special opportunity to be generous exists for people over the age of 70½ who have a traditional IRA. People who fit this description can make charitable distributions from their traditional IRAs directly to their charity of choice. This is considered a qualified charitable distribution, otherwise known as a QCD. By making a QCD from your traditional IRA, you can avoid reporting the distribution as income on your taxes. This lowers your overall income to be taxed. QCDs also can take the place of your required minimum distribution for the year.

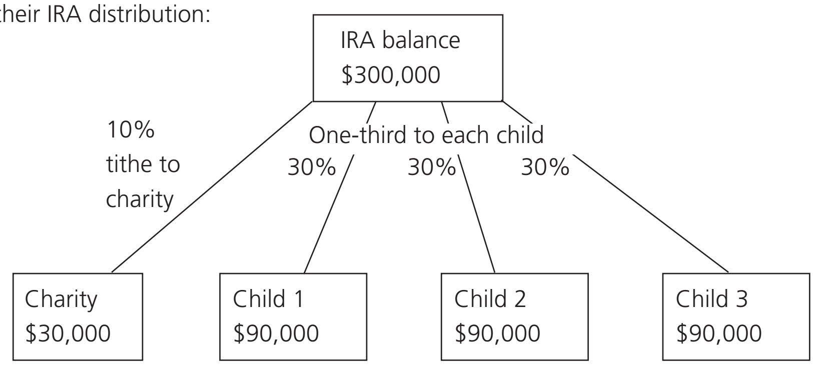
If you have another type of retirement plan, it may be possible to achieve this benefit by rolling the account into a traditional IRA. Consult your financial professional or Everence stewardship consultant if you have questions about this opportunity.

Everence

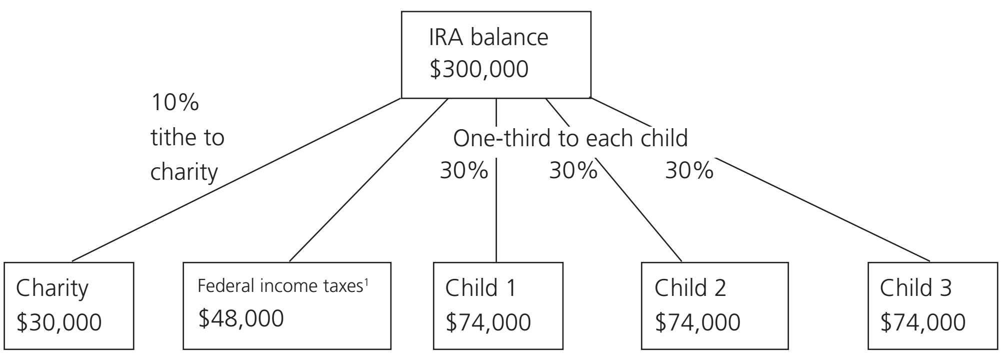
2200310

Case study

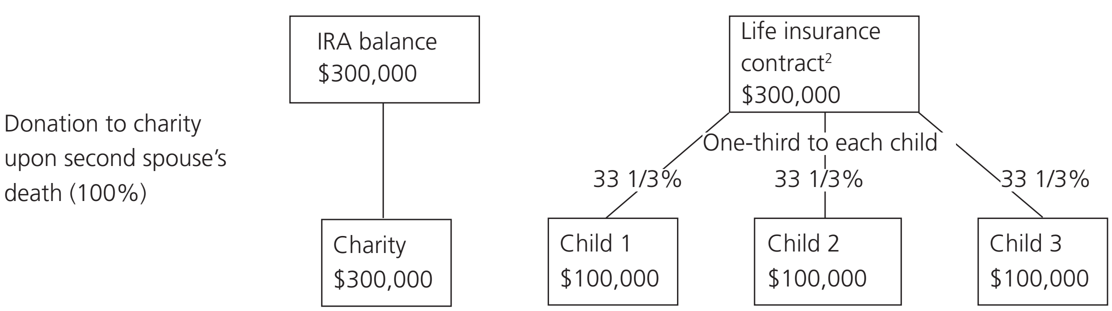
Mr. and Mrs. Jones have three children and a traditional IRA that served as their qualified retirement plan. The Joneses wish to tithe 10 percent of their estate to charity and divide the remainder among each of their children. Here is how they viewed their IRA distribution:



However, they overlooked the fact that taxes would be due on the funds in their IRA. Here's what the division looked like when including the Internal Revenue Service:



So, they decided to take an alternate route. By donating the IRA to charity, and taking out a life insurance contract, the Joneses removed the IRS from the equation, increased their charitable donation, and the amount for each of their children.



Act today!

For more information, contact your Everence Foundation representative. You can also call us toll free at 800-348-7468.

We'll show you exactly how making a bequest of a qualified retirement plan to charity can work for you.

[1] Assumes an 18% effective federal income tax rate.
[2] Assumes paid by non-IRA assets or required minimum distribution.

The example illustrates the effects of taxation when a non-spousal beneficiary is named for an IRA, and the benefits that may be obtained through the proper use of insurance. The figures above are for example purposes only and do not represent actual results.

Investments and other products are not NCUA or otherwise federally insured, may involve loss of principal and have no credit union guarantee.

2200310