GIFTS OF RETIREMENT PLAN ASSETS

Gifts of retirement assets to Skagit Valley College Foundation often provide unique tax benefits, making them optimal assets for meeting donors' charitable goals. Retirement assets include IRAs, 401(k) and 403(b) plans, Keogh plans, and other qualified retirement plans. Current tax laws may result in heavy taxation of assets withdrawn from retirement plans. Income and estate taxes may consume substantial portions of retirement plans. A gift of these assets to SVC Foundation may allow you to accomplish a variety of personal goals while reducing or eliminating these taxes.

GIFTS OF RETIREMENT ASSETS: HOW THEY WORK

You can give retirement assets during your lifetime or after your death, often with little impact on the amount your heirs will receive. Tax planning can be a significant consideration when making such gifts.

Lifetime Gifts. If you have adequate income from sources other than qualified retirement plans or excess income from retirement assets, a charitable gift can be an ideal planning tool. The IRA Charitable Rollover allows individuals over age 70½ to directly transfer up to $100,000 per year from an IRA account to one or more charities. This transfer counts toward the minimum required distribution rule for IRA accounts, and such distributions are free of both income and estate taxes.

Perhaps the most meaningful benefit of a current lifetime gift is your ability to see the gift at work. Donors often find great satisfaction in seeing how their gifts impact particular programs or in meeting students who receive scholarships from their gifts.

Gifts Effective at Death. If you, like many donors, rely on income from your assets during retirement, making a lifetime gift may not be an option. However, a gift of all or a portion of what remains in your retirement plan at your death still can fulfill your charitable goals. Furthermore, charitable gifts of your retirement plan can significantly reduce estate and income taxes, thereby helping to preserve other assets for your heirs. Simply, designate Skagit Valley College as the beneficiary of your retirement plan.

Estate Tax. Your retirement plan will be included in your taxable estate at death. If any person other than your spouse receives the asset, estate and income taxes must be paid at the applicable tax rates. Although current tax law exempts a specific amount from state or federal estate tax, retirement plans can push the estate value beyond the exempt amount.

Income Tax. If the designated beneficiary is a charity, no income tax is paid since the charity is tax-exempt. Thus, the useful amount of the gift is greater than if it had been left to heirs. And, although the plan balance is still subject to estate tax, it is offset by the charitable deduction your estate will receive for making the gift. Therefore, if you have both retirement plans and other assets such as stocks, cash and real property, you should consider making charitable bequests from retirement plan balances, leaving other assets to heirs.

Skagit Valley College Foundation is a 501(c)(3) non-profit corporation as defined by the IRS. For more detailed information please visit our website at www.skagitfoundation.org or contact the staff at SVC Foundation.

Tax ID: 91-1012915

2405 East College Way, Mount Vernon, WA 98273 • 360.416.7717