

# Estate Gifts of Retirement Plan Assets

## PRESERVING YOUR HARD-EARNED DOLLARS

Did you know if you leave your retirement fund assets such as your IRA or 401(k) to loved ones, these assets may be reduced by half or more due to taxes? Would it surprise you to know, however, that if given to charity, your hard-earned dollars can benefit your community instead of a large percentage going to taxes? If you answered “yes,” then making a gift of your retirement plan assets to the Community Foundation could be right for you.

A gift of a retirement plan asset can protect your heirs from heavy taxes and maximize your charitable impact.



*Christy Butler Eckoff,  
managing director,  
philanthropic counsel,  
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for Greater Atlanta*

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for more information



### Retirement plans appropriate for “gifting”

- Profit-sharing or other defined contribution plans
- 401(k) plans, which allow an employee to reduce taxable compensation
- 403(b) plans for employees of nonprofit organizations
- Individual Retirement Accounts (IRAs)

### Benefits of a gift of retirement plan assets

Retirement plans are considered “income in respect of a decedent” at your death (assets that would have been taxable to you if you had lived). They are taxable to your heirs even though they were taxed in your estate. You can help preserve the funds you have saved for retirement by leaving these assets to charity and leaving other assets in your estate to your heirs.

#### ★ Tax savings

If you name the Community Foundation for Greater Atlanta as the beneficiary of your retirement plan, your unused benefits will be distributed upon your death to the Community Foundation, free of both estate and income taxes. If you have children or other heirs, you can leave them stock, real estate or other estate assets that would not be subject to income tax.

If you are married, you may want to leave your retirement plan assets to your spouse first and then to charity. This is because the marital deduction assures that no estate tax applies to a transfer to a spouse.

#### ★ Permanence

Your gift can create a permanent, named charitable fund at the Community Foundation for Greater Atlanta. Your fund can last forever, making annual grants to charity according to your wishes and in your name. Depending on the type of fund you establish, you can even name your children as advisors to the fund, allowing them to remain involved with the fund’s grantmaking throughout their lifetimes.

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## Special considerations

The Roth IRA has tax consequences quite different from regular IRAs. Unlike a regular IRA, which incurs both an estate tax and an income tax when the account owner dies, the income tax for a Roth IRA has been prepaid. Only estate tax is paid when the Roth account owner dies. From a tax perspective, this makes the Roth IRA a less attractive gift to charity.

Annuity plans, such as defined benefit plans, generally cannot be used because payments may terminate on the participant's or surviving spouse's death, leaving nothing for charity.

## Make a gift

To make a planned gift of retirement assets, you must make the Community Foundation for Greater Atlanta a beneficiary of the retirement asset. This can usually be done by a change of beneficiary form from the administrator of the asset. You may choose any percentage to gift to the Community Foundation. Our legal name is The Community Foundation for Greater Atlanta, Inc. and our tax ID number is 58-1344646.

**NOTE:** The Community Foundation for Greater Atlanta does not provide legal or tax advice. The service of an attorney or other professional advisor should be obtained.

“Approaching retirement, I evaluated the nonprofits I had supported as an adult wanting to continue support of charitable endeavors, plus leave a legacy. My goal was admirable, yet quite complicated until working with the Community Foundation. The fine help from my philanthropic officer was like putting new batteries in a favorite flashlight; it suddenly became most easy and manageable to transform my vision into a reality.”

*Knox Porter, Community Foundation donor*

## About us

Since 1951, the Community Foundation for Greater Atlanta has been a trusted philanthropic resource for our 23-county metro Atlanta region. We do this through our mission of providing quality services to donors and innovative leadership on community issues.

## Interested in making an estate gift with a retirement plan asset?

For more information, contact Christy Butler Eckoff, J.D., LL.M., managing director, philanthropic counsel at 404.588.3183 or [ceckoff@cfgreateratlanta.org](mailto:ceckoff@cfgreateratlanta.org).