

Maximizing Retirement Assets

Retirement plan assets including Individual Retirement Accounts (IRAs) and employer sponsored tax-deferred plans such as 401(k)'s and 403(b)'s and others, require extra care and consideration in our planning. This is because of the tax-deferred nature of these assets, along with the growth that may have occurred as a result of yearly funding and compounding of earnings. In our planning we need to consider what to do with these types of assets while we are living, as well as when we pass away.

WHILE WE ARE LIVING...

Can I make a gift from my retirement assets?

Generally, you cannot make a gift from retirement assets without paying income tax on the distribution. However recent legislation (Pension Protection Act of 2006) allows you to make a gift from an IRA directly to charity tax-free, if you are over 70 ½ and you make a gift by December 31, 2007.

Please note that the gift referenced above is made from the assets of the IRA. If you receive income from your IRA's, you may do what you want with the income, including making a gift to your favorite charity.

Can I use retirement assets to fund a Charitable life Income Agreement?

You may use retirement assets to fund a Charitable Gift Annuity or Charitable Remainder Trust, but it is generally not tax advantageous to do so.

AFTER WE PASS AWAY...

Can I make a gift from my retirement assets?

The most tax-efficient way to give retirement assets is from your estate at your death. The tax-efficiency comes from the lack of any income tax due, as well as no estate taxes due on assets that go to charity. The gift is accomplished by naming charity as either a primary beneficiary (if no living spouse) or contingent beneficiary.

AFTER WE PASS AWAY (continued)...

Can I name my children as beneficiaries of my retirement assets?

Yes, you absolutely may name children as beneficiaries. Whatever they receive will be taxed as ordinary income. On the other hand, assets they receive from an estate such as real estate, stocks, CD's and savings accounts are generally not taxable income.

Can I name both charity and children as beneficiaries of retirement assets?

Yes. You can name Christian organizations and your children as partial beneficiaries of your retirement plan. Your IRA administrator will divide the proceeds according to your latest beneficiary designation form.



Partners Worldwide is a member of Barnabas Foundation. Their goal is to help caring Christians make tax-wise decisions and strengthen support for ministries close to their hearts.

This is general information and is not intended to be tax or legal advice. Please consult your own advisors.