



MAKING A GIFT OF RETIREMENT PLANS

Millions of Americans take part in saving for retirement through Individual Retirement Accounts (IRAs), 401(k)s, Keoghs, and other such plans. You may find that after first providing for your loved ones you can make a meaningful gift to The University of Mississippi Foundation from “what’s left” in your retirement accounts.

HOW IT WORKS

- Ask the administrator of your plan for a Change of Beneficiary form. Designate the UM Foundation as a beneficiary to receive all or a portion of your retirement plan assets under whatever conditions you stipulate.
- If you are over the age of 59.5, you are generally allowed to withdraw funds from your retirement accounts without triggering an “early withdrawal” penalty and use these funds to make your charitable gifts to the UM Foundation.
- You may want to consider using all or a portion of mandatory withdrawals over the age of 70.5 to fund charitable gifts, thus eliminating all or part of the taxes that would otherwise be due on the amount withdrawn.
- Use other assets, such as life insurance proceeds, to provide for heirs and replace the retirement funds used for charitable gifts.
- Create a charitable gift plan that provides for income and management of assets before a gift is ultimately made. The assets you transfer can provide you or a loved one with an income, and later result in a charitable gift.

BENEFITS

- Assets such as Individual Retirement Accounts (IRAs), 401(k)s, Keoghs, and other such plans are included as part of the taxable estate at death. Thus, they can be subject to federal (and perhaps state) estate taxes. What’s more, when heirs receive distributions from qualified plans, income tax will also be due—up to 35% or more—depending on federal and state income taxes and other factors. The combined income and estate taxes due on retirement accounts could, in some cases, amount to 65% or more of their value. Because of this, it may be wise to use retirement assets to make charitable gifts, thus totally eliminating the tax on these funds. Other assets can then be used to make gifts to your loved ones.
- With thoughtful retirement planning, you may find you can help assure a healthy financial future for you and your loved ones.
- Careful planning can allow increased income, asset management, and other economic advantages.
- Arrange what may be your charitable “gift of a lifetime” and enjoy the satisfaction this decision provides.



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