

## **Retirement Plan Gift**

If the largest asset in your estate is your Retirement Plan – your 401(k), IRA, Keogh, or other such accounts - you may be surprised to learn that the IRS will impose income tax on any balance that you direct to a non-spouse beneficiary. This tax is in addition to the estate tax that will be imposed on the account. For estates fully subject to the estate tax, the result can be that 75% of the value of your retirement plan will be consumed in taxes before your child, relative, or friend receives it.

There is a sensible charitable alternative: name the Area Agency on Aging of Northwest Arkansas Foundation as the beneficiary of your retirement plan, and then use other assets not subject to income tax to make gifts to your heirs. The Area Agency on Aging of Northwest Arkansas Foundation won't pay income tax on its distribution (nor will the gift be subject to estate taxes) and your heirs will receive their share of your estate without the burden of extra taxes. Here are some of the benefits of making a gift from your retirement plan:

- The deferred income tax, which would be due upon distribution to an individual beneficiary, is exempted for distributions to a charitable beneficiary.
- The pension or retirement plan account, which would normally be subject to estate taxes, is instead deducted from the gross estate.
- Your gift will help ensure that senior adults in Northwest Arkansas will be taken care of in the future.

Donors who wish to make a gift from a retirement plan may do so by simply contacting their plan administrator and designating the Area Agency on Aging of Northwest Arkansas Foundation as beneficiary. If you would like to make a charitable gift through a retirement plan, your plan administrator will ask you to complete a Change of Beneficiary form.

For more information on a gift from your retirement plan call the Area Agency on Aging of Northwest Arkansas Foundation 1-800-432-9721 or email [info@aanwar.org](mailto:info@aanwar.org).

This information is not intended as legal, tax or investment advice. For such advice, please consult an attorney, tax professional or investment professional.