

Naming a loved one or favorite charity a beneficiary is a heartfelt way to show you care. Be sure to go one step further and notify those beneficiaries of the choices you've made. That way, they can carry out your wishes as you intended.



#### 4 Commercial Annuities

Commercial annuities are tax-heavy assets to own, similar to retirement plans and IRAs. They carry an income tax burden when paid to your named beneficiary. The income tax is due on the growth of the annuity—in other words, what its value is worth when you die over what you paid for it. The tax burden makes these assets another popular choice to leave to a tax-exempt organization like ours.

The process to complete a gift from your commercial annuity is similar to the process for making gifts of retirement plan assets and life insurance—first, contact your bank or insurance company for a change-of-beneficiary form for the annuity. Then, decide what percentage of the annuity's value you would like us to receive and name us along with the stated percentage on the beneficiary form. Mail it back and keep a copy for your own records.



### The Importance of Updating Your Designations


Beneficiary designations can be modified at any time to meet your changing needs. Your assets may never reach your intended recipients if you've failed to keep the beneficiary designations up to date. Experts suggest reviewing them every two to three years when you look over your entire estate plan.

If you are considering a gift to our organization, we would be happy to work with you and your professional advisors to determine how your future gift through a beneficiary designation could impact our mission. Contact us today for more information.



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## The 4 Easiest Ways to Leave Your Legacy



# Don't Overlook Beneficiary Designations

## Make a Big Difference With Just a Little Effort

Although many people think of a will as the easiest way to transfer assets after their lifetime, it doesn't cover everything. In fact, retirement plans, IRAs, life insurance, donor advised funds and commercial annuities are not controlled by the terms of your will, but instead use separate beneficiary forms to determine who receives them. These beneficiary designations pass outside of your will, making them effective and easy ways to leave a legacy.

### 1 Retirement Plans and IRAs

If you want to make a difference at our organization after your lifetime, consider a tax-wise gift from your retirement plan or IRA. Here's why:

By way of background, usually an inheritance does not trigger taxable income either to your estate or heirs. There are, however, a few instances when a beneficiary must pay income tax on an inherited asset. Typically, a retirement plan or IRA will be the largest source of assets that generate taxable income when paid to the beneficiary. Therefore, if you are considering a gift to a charity after your lifetime, it is usually better to leave nontaxable assets (such as stocks and real estate) to your loved ones and the taxable assets (retirement accounts and IRAs) to tax-exempt charitable organizations, such as ours. See the chart *at far right* to compare the tax consequences.

To complete your gift, contact your retirement plan or IRA administrator and complete a beneficiary designation form naming our

organization as beneficiary and the percentage you'd like us to receive (1-100). Then mail it back to the plan administrator and keep a copy for your records. Beneficiary forms can be changed at any time without the formality associated with executing a will.

### 2 Life Insurance Policies

Maybe you once needed life insurance to provide security for your loved ones, but now your family's requirements have changed. Why not use the insurance policy to advance our mission? Not only will you make a substantial gift to us at a relatively low cost, but it is revocable at any time should your situation or financial priorities change.

You can designate our organization as the beneficiary for any percentage of your life insurance policy's death benefit. To complete your future gift, contact your insurance company or agent and request a beneficiary designation form. Then mail it back to the insurance company. Keep a copy for your records.

### 3 Donor Advised Funds

A donor advised fund is like a charitable savings account you set up at a qualified public charity, or more commonly at a community foundation or financial services firm, called the "sponsoring organization." It allows for centralized giving and gives you the flexibility to recommend how much and how often money is granted to charitable organizations. You can transfer cash or other assets to the sponsoring organization. In return, you qualify for an income tax charitable deduction for gifts to your donor advised fund.

You can open your own donor advised fund with a written agreement between you and the organization that gives you (or other family members) the right to recommend the distributions made from your fund. You can also create a lasting legacy by naming your loved ones as your successor to continue to recommend grants to charitable organizations or name us as a beneficiary to receive all or part of the account after your lifetime.



## Compare the Tax Consequences

\$100,000 IRA Left to an Individual vs. Our Organization

IRA Beneficiary	Individual	Our Organization
Value of IRA at death	\$100,000	\$100,000
Federal income taxes*	-\$35,000	\$0
Net amount to beneficiary	\$65,000	<b>\$100,000</b>

\*Assumes a 35% marginal income tax bracket.







