



### Creating a charitable fund from your retirement plan



When included in your estate and transferred to heirs, IRAs and other qualified retirement plans are subject to multiple taxes, including income, estate, inheritance, and generation-skipping transfer taxes. The combination of taxes on these assets can reach as high as 80 percent, leaving very little assets for your heirs.

Retirement plan assets are among the most tax efficient assets to transfer to charity upon your passing. Transfer your qualified retirement plans to the Arizona Community Foundation upon your passing, and you can avoid these taxes while making a charitable gift that will leave a legacy of caring for your community.

#### Naming the Arizona Community Foundation as a beneficiary

When you designate the Arizona Community Foundation as a beneficiary of your IRA or qualified retirement plan, the assets can establish a charitable fund of your choice, from a named Fund for the Common Good that broadly supports community needs to a Donor Advised Fund that allows your designated heirs to recommend grant recipients. You may also name ACF as co-beneficiary along with a spouse, children, or other charities. Depending on your marital status and other variables, certain restrictions may affect who you may or must name as the beneficiary of qualified plans. Consult with your professional advisor regarding your specific situation.

Naming ACF as a beneficiary is as easy as a few sentences on your IRA beneficiary form:

"To the Arizona Community Foundation, a nonprofit corporation of Arizona, to be used to enhance (or create) a component fund (to be) known as the \_\_\_\_\_ Fund, which shall be administered in accordance with the \_\_\_\_\_ Fund Agreement with ACF. If the Participant fails to execute such agreement, this gift shall be used for such general and charitable purposes as ACF's board of directors shall determine, in its sole discretion, as set forth in the bylaws of the Arizona Community Foundation."

#### Making a gift of retirement plan assets during your lifetime

Congress has approved legislation that allows donors age 70½ or older to roll over assets from an IRA during their lifetime to a charity such as the Arizona Community Foundation—without incurring any tax liabilities. To learn more about legislation that applies to the current tax year, call the Arizona Community Foundation.

#### Donate a retirement account in a few simple steps

- Make ACF a beneficiary of part or all of the remaining funds in your retirement account upon your passing.
- Through a testamentary fund agreement, decide upon the name and type of fund your retirement assets will create.
- You may also consider the purchase of a life insurance policy to magnify the power of the retirement account and diminish the effects of taxation. Donors over age 70½ are required to take a minimum distribution from their IRAs each year, so a portion of that distribution can be used to pay premiums. The beneficiaries, through an irrevocable life insurance trust, are the owners of the policy. Upon the second spouse's death, benefits of the insurance policy are paid to the beneficiaries and the entire IRA balance goes to named charities tax-free.

An advisor with specialized expertise should review all charitable beneficiary designations as well as the other, more complex options available.

► Find out more about your options for giving at [www.azfoundation.org/giving](http://www.azfoundation.org/giving)