Gifts of Retirement Assets

A Tax-wise Way to Give

Did you know you can create a legacy at Mount Holyoke College without changing your will or parting with any assets now? You can designate Mount Holyoke as a beneficiary of your retirement accounts and benefit from one of most tax-wise ways to support the organization you care about.

Making a gift of retirement plan assets, IRA's, 401(k), 403(b), and other qualified plans, is easy to do. You do not need to modify your will or living trust. You can name Mount Holyoke as the sole beneficiary or as one of several. This allows you to make a gift while still providing for family members or other loved ones. At your passing, that portion of left-over funds will be paid to the Mount Holyoke in a lump sum, totally tax-free. In the meantime, the funds remain available to you should you need them to meet your own needs, and if family circumstances change, you can adjust the portion allocated to the Mount Holyoke.

Besides tax savings, a gift of retirement assets has other advantages:

- It is easy to arrange. You simply request a beneficiary designation form from your plan administrator. There is no need to change your will or living trust.
- You can designate Mount Holyoke College as beneficiary of whatever portion you choose. For example, it might be 10 percent or 35 percent of the account. If you have otherwise provided for heirs, you could leave the entire balance to Mount Holyoke.
- The gift is revocable. You retain full control of your retirement funds should you need them, and you can change beneficiaries at any time.

Taxation of retirement plan assets

Retirement assets are considered 'non-probate assets' and generally pass outside of the will or living trust. However, they are still considered to be a part of an individual's estate and the fair market value of these assets, along with all other estate assets, will be subject to possible state and federal estate taxes.

Every dollar your heirs receive (other than your spouse) from retirement accounts would be subject to income tax (unless the distribution derives from a Roth IRA). Depending on the size of the estate, retirement funds, like other estate assets, may be subject to estate tax. However, distributions from retirement accounts to a charity are subject to neither income tax nor estate tax.

Example of Using an IRA to Make a Gift

Option 1

Give $250,000 from your general estate assets to the Mount Holyoke and the IRA to your children.

Income tax savings	$0
Net cost of gift	$250,000

Option 2

Give the IRA to the Mount Holyoke and other assets to your children.

Estimated income tax savings (assuming a 35% combined federal and state tax rate for the children)	$87, 500
Net cost of gift ($250,000 - $87,500)	$162,500

General rule: Upon death, it is better to make charitable gifts with IRAs and qualified retirement funds and give other assets such as cash, securities, and real estate to heirs.

Make a tax-free gift with a Qualified Charitable Distribution

You can make a tax-free gift from your traditional IRA (other qualified retirement plans such as 401(k)s and 403(b)s are not eligible). You must be at least 70 ½ years old to take advantage of this opportunity. You must transfer your gift directly from your IRA administrator to Mount Holyoke. The total of all of your QCD gifts in any one year cannot exceed $100,000 per person. A spouse with a separate IRA could also make a rollover gift of up to $100,000 if they otherwise qualify.

> ***"In honor of our 50th reunion, a percentage of our IRA is designated to come to Mount Holyoke College. We're hoping we can inspire other so do the same."***
>
> *— Susie Beers Betzer '65*

Contact your advisor, retirement plan administrator, or plan fiduciary company to initiate a transfer. You may also download a form from the College website, which is accepted by most IRA custodians.

Make a Tax-free Gift with an IRA Charitable Rollover

If you are 70 ½ or older, consider this gift from your traditional IRA account [401(k) and 403(b) accounts are not eligible]. Your gift must be transferred directly from your IRA custodian to Mount Holyoke. This IRA charitable rollover, also known as a Qualified Charitable Distribution (QCD), will not be included in your taxable income and will offer all of the tax benefits of an itemized deduction even if you no longer itemize your deductions. If you are age 72 or older and must take your required minimum distribution (RMD), a QCD can satisfy your RMD without increasing your taxable income. You can give up to $100,000 per year this way.

NEXT STEPS:

To receive further information and assistance on gifts of retirement plan assets, or to learn more about how your gift can help Mount Holyoke College, please contact Dana Gillette.

- call **(413) 538-2637 or (800) MHC-GIVE**
- email **giftplanning@mtholyoke.edu**

* The only exceptions to the possible double-taxation are distributions from a Roth IRA or distributions attributable to contributions of after-tax dollars to other types of IRA. Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.

By supporting Mount Holyoke College with your philanthropic donations, you are ensuring that the next generation of women can develop their intellects, hone the power of their voices, and cultivate courage.

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