

RETIREMENT ACCOUNT

Giving Strategies

You can use your retirement account for tax-efficient charitable giving. Whether you have a tax-deferred IRA or a 401(k), here are a few strategies you may consider:

- ▶ **Name your donor-advised fund as the beneficiary of your retirement account at death.** Your retirement account can pass to your donor-advised fund tax-free because your fund is administered by Greater Horizons, a public charity. This leaves more assets in your fund to support your favorite charities.
- ▶ **Name a charitable remainder trust as the beneficiary of your retirement account to stretch the distribution over time.** The SECURE Act requires most non-spouse retirement account beneficiaries to withdraw all assets of an inherited account within 10 years. This means your beneficiary can no longer stretch the payouts from your retirement account across their life expectancy. However, if your retirement account is payable to a charitable remainder trust, the trust payments can be made to one or more individual beneficiaries over their lifetimes or for a term of years (up to 20 years), with the remainder interest passing to charity. This defers the income taxes the beneficiaries would have paid if they received the retirement account directly. A donor-advised fund at Greater Horizons may be named as the remainder beneficiary of a charitable remainder trust. Greater Horizons can also serve as the trustee of the trust.
- ▶ **Pair a Roth conversion with a donation to a donor-advised fund.** You can convert a traditional IRA to a Roth IRA without penalty, if the money is moved from the traditional IRA to the Roth IRA within 60 days. However, that transfer is a taxable event. If you donate cash or other assets to your donor-advised fund in the same year, you may be able to reduce your tax liability.
- ▶ **If you are at least age 70 ½, make a qualified charitable distribution (QCD) from your IRA during your lifetime.** You can distribute up to \$100,000 annually from your IRA directly to your favorite charities without recognizing income on those distributions. If you want to stagger your donation to a single charity over multiple years, rather than making the donation in one lump sum, Greater Horizons can help you create a designated fund for that charity. You can also use a QCD to establish and contribute to a scholarship fund.

We suggest working with your financial advisor or tax consultant to determine the best option for your situation.

To learn more, contact us at info@greaterhorizons.org or 866.719.7886.

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