

Legacies Made Easy

Gifts of Retirement Plans

Retirement plans like individual retirement accounts (IRA), 401(k), 403(b), Keogh, tax-sheltered annuity or other qualified pension or profit-sharing plans are efficient ways to build a retirement nest egg, but many people are unaware that money left in these accounts at death may be subject to income and estate taxes. Federal estate taxes can erode almost half of the money in an IRA account and the balance is then subject to income tax at rates of up to 35%. As a consequence, your beneficiaries may receive less than half of your retirement assets.

Additionally, if you plan on leaving your IRA to anyone other than your spouse, taxes become a significant problem. Luckily, there are some solutions.



Oliver, age 2

Consider using your IRA as a gift in these ways:

Designate Seattle Children's as a Beneficiary

Create a legacy of hope and healing by naming Seattle Children's Hospital Foundation as a beneficiary of your retirement plan. If you are planning to leave money to a charity at the end of your life, designating IRA or retirement plan assets may be preferable to making a gift in your will. By doing so, you will eliminate all income and estate taxes, and 100% of the assets can be used to support the organization(s) that mean the most to you.

Changing your beneficiary designation is easy. Your financial administrator can name the charity of your choice, such as Seattle Children's Hospital Foundation, as a beneficiary.

Make a Tax-free Charitable Distribution from an IRA

A Qualified Charitable Distribution (QCD) is a wonderful way to save you money at tax time and further the mission and work of your favorite charity, including Seattle Children's. To assist you

in making your donation, we can provide you with a sample letter to give to your IRA administrator.

When making a QCD from an IRA, it is important to know the following:

- **Gifts must be from a traditional or inherited IRA only — not an employer-sponsored IRA (simple IRA or SEP).**
- **Donors must be 70.5 years or older.**
- **Gifts must be transferred directly from the IRA administrator to the charity.**
- **No goods or services may be received in exchange for the donation.**
- **Donors are able to give a maximum of \$100,000 per year to a charity or charities of their choice.**
- **A charitable gift may be used to fulfill the required minimum distribution amount.**
- **A gift from your IRA does not need to be recognized as income, but does not qualify for a charitable tax deduction.**





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Learn More

www.seattlechildrens.org/giving/donate/legacy-giving

This is not legal advice. Any prospective donor should seek the advice of a qualified legal, estate and/or tax professional to determine the consequences of their gift.

