Retirement Plans & Life Insurance

St. Jude Children's Research Hospital®
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Finding cures. Saving children.

Retirement Plans & Life Insurance

Donating part or all of your unused retirement assets, such as your individual retirement account (IRA), 401(k), 403(b), pension or life insurance plan, is an excellent way to make a gift to charity. It is important to remember that estate and income taxes can consume a large portion of the money remaining in tax-deferred accounts such as IRAs and other qualified retirement plans. Proceeds from a life insurance policy are also subject to estate taxes, if owned at the time of death.

To move assets out of a potentially high-tax situation into one which has the potential to result in a significant tax savings, you can name a charity as the beneficiary of a 401(k) or other qualified retirement plan, IRA, or life insurance policy. You can designate a charity as the sole beneficiary, or one of multiple beneficiaries, of the remaining assets.

RETIREMENT PLANS

If you are like most people, you probably will not use all of your retirement assets during your lifetime.

A retirement plan can be a tax-efficient and simple way of including a charity in your estate plan. The best method is to name a charity as a beneficiary on your plan's beneficiary designation form. Because charities do not pay income taxes on the donations they receive, distributions to charities will avoid being taxed as income.

GIVING CURRENTLY FROM YOUR IRA

The IRA Charitable Rollover benefit is now a permanent opportunity for Americans.

If you are above age 70½, you can make a contribution (up to $100,000 annually) transferred directly from your IRA account to a charity of your choice, and it will not be considered as federally taxable income for you — but it does count toward your required minimum distribution.

LIFE INSURANCE

If you have a life insurance policy that you no longer need because of a change in your life circumstances, you can give a paid-up policy to charity, or even a policy on which you are still paying premiums. There are two simple ways to set up a gift of life insurance.

- You can irrevocably designate a qualified charity as the owner and beneficiary of your life insurance policy, and you may be entitled to a generous charitable income tax deduction.
- You can name a charity as a/the irrevocable beneficiary of your life insurance policy, but retain ownership of the policy itself. You can call or write to your insurance company to request a form to make this change of beneficiary.

Please see your legal and/or tax advisor for more information and to determine if a charitable gift of life insurance or a gift from a retirement plan is right for you.