

Individual Retirement Account

Giving Your IRA to Loved Ones? Think Carefully

While IRAs are excellent vehicles for accumulating assets for your use during retirement, much to many people's surprise, they are a far less attractive way to pass an inheritance to loved ones. Here's why.

The Tax Consequences of IRAs

When you name anyone other than your spouse as beneficiary of your IRA, it will be exposed to heavy taxation, leaving less for your heirs than you had hoped. Upon your death, the income tax bill can take as much as 39.6 percent. If your estate is subject to estate taxes, your combined marginal rate could rise to as high as 65 percent.

A Charitable Solution

If you've thought about contributing to the McLeod Foundation, consider giving IRA assets to us and giving other assets that are not as heavily taxed to family members. As a not-for-profit organization, we do not have to pay income or estate taxes. Instead, we will be able to put the entirety of your gift toward providing excellent healthcare for the patients served by McLeod Health. To get this process started:

1. Decide what percentage (1–100) of your IRA assets you would like us to receive.
2. Contact your IRA administrator for a change-of-beneficiary form.
3. Name the McLeod Health Foundation (Tax ID # 57-0818672) and the gift percentage on the form.
4. Return the form to your IRA administrator.
5. Let us know about your plans so we can thank you. (We will also honor your preference for anonymity).

Use the chart below to plan how to better distribute your IRA.

4 Ways to Distribute Your IRA

If you are married ...	You can arrange to fully transfer your IRA assets to your spouse and defer any taxes until after his/her death—although any distributions taken by your spouse are income taxable.
If you are not married ...	You can leave your IRA assets to someone else, but the funds will be subject to income taxes at the federal level, which could deplete a significant percentage of their value.
If you want to make a charitable gift ...	You can designate the McLeod Foundation as the beneficiary of your IRA assets. The full value of those funds will then go toward our mission of bettering patient care (Income taxes will not erode their value.)
If you want to provide for loved ones and make a charitable gift ...	You can use your IRA assets to fund a charitable remainder trust upon your death. The trust can be set up to make payments to your heirs for their lifetimes or for a fixed period of time, after which the trust balance will transfer to the McLeod Foundation to help support our legacy.

If you have any questions about providing support to the McLeod Foundation through your IRA, please visit our website, www.mcleodhealthlegacy.org, or contact Elizabeth Jones at (843) 777-5082 or Elizabeth.Jones@mcleodhealth.org.

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