# RETIREMENT PLAN ASSETS

ROBIN HOOD

## Retirement plan assets provide financial security

While Social Security is the financial foundation for most retirees, your monthly benefit payments may be insufficient to maintain your desired lifestyle in retirement. If so, you are likely planning to use your retirement savings to close the gap between your Social Security payments and your medical and living expenses. At the end of your lifetime, the assets that remains in these accounts are also subject to tax. With some savvy estate planning, you can use your retirement accounts to support Robin Hood, a tax-exempt organization, while at the same time minimizing or avoiding the burdensome taxes your loved ones would otherwise pay.

## Taxes on retirement accounts

There are many types of retirement accounts – IRA, 401(k), 403(b), Keogh and others. What most of these types of accounts have in common is that contributions to these plans are tax-free and thus are never subject to income taxes. (The exception is the Roth IRA and other Roth retirement accounts.) Unfortunately, you or your loved ones must pay taxes when withdrawing funds from these accounts. If your inheritors withdraw all assets in one tax year, the income taxes due on those withdrawals can result in much of the account assets being eaten up in taxes.

## Minimizing taxes due from loved ones

You have the option, and are encouraged, to name beneficiaries for any assets remaining in your retirement accounts at your passing. If you have named charities to receive gifts from your will or trust, a simple restructuring of your estate plan can result in a potentially significant tax savings for your loved ones.

**Step 1:** Remove the charitable gifts from your will or trust that you will make from your retirement plans instead. This will allow more assets to pass to loved ones free of income taxes.

**Step 2:** Name your favorite charities as beneficiaries of all or a portion of your retirement accounts. Robin Hood is tax-exempt, which means we will pay no income taxes on the gifts we receive from your accounts. Even if you have named loved ones to receive a portion of these accounts, you will have minimized the tax liability to your heirs.

## The IRA charitable rollover

If you are 70½ or older, consider this gift from your traditional IRA account [Note: 401(k) and 403(b) accounts are not eligible]. Your gift must be transferred directly from your IRA custodian to Robin Hood. 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 73 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.

### We are here to assist

If you have questions, please contact our Office of Gift Planning at **212-844-3521** or by sending an email to **plannedgiving@robinhood.org**.