**Rose Community Foundation**

**Beneficiary Designations – Overview & Details**

**October 30, 2012**

1. **Bequests: Cornerstone of Every Planned Giving Program (5-10 mins)**
   1. Will and Living Trust
   2. Mechanism for Distribution of Assets
   3. Distribution vs. Taxation
   4. Codicil (Amendment)
   5. Benefits
      1. Retain maximum control over assets
      2. Protect against an unforeseen future
      3. Anonymity, if desired
      4. Changes to gift can be made
      5. Revocable until the end
2. **Beneficiary Designations (5 mins)**
   1. Underutilized Option
   2. Same Benefits
   3. No Legal Fees – No Planning Cost – Simple “*Stroke of the Pen*”
   4. IRA , Qualified Retirement Plan, Life Insurance
3. **Mechanics: IRA (10 mins)**
   1. Passes Via Beneficiary Designation – Form at IRA Custodian
   2. Taxation
      1. Estate Tax
      2. Income Tax (IRD)
      3. Simplified IRD Example
         1. Simple $400,000 estate
         2. $200k IRA and $200k in other assets
         3. 50/50 split with son and charity
      4. Opportunity
         1. Both income and estate tax can be avoided through gift to charity
         2. Most tax-efficient (cost effective) asset to donate
         3. Encourage donors w/bequests to review options, consider change to IRA gift
   3. Taxation (Part II)
      1. Based on above, seems like a no-brainer, right?
      2. Tax issues can be solved through a Stretch IRA and/or life insurance (if necessary)
      3. It all depends on your donor’s goals
   4. No Spousal Waiver
   5. Direct Transfer of IRA assets to charity at 70½ - Option in Limbo
4. **Mechanics: Qualified Retirement Plan (10 mins)**
   1. Passes Via Beneficiary Designation – Form through HR/Employer
   2. Taxation
      1. If anything distributed to decedent – same (IRD)
      2. If payments end, no additional tax impact
   3. Spousal Waiver
   4. No Direct Transfer for QRP Assets
5. **Mechanics: Life Insurance (10 mins)**
   1. Passes Via Beneficiary Designation – Form at Insurance Company
   2. Term vs. Permanent Insurance
   3. Taxation – Some Background
      1. Ownership and/or ‘Incidents of Ownership’
      2. Definition – Ability to change beneficiary, borrow against policy, cash out policy
   4. Primary Gift Options
      1. Charitable beneficiary of *existing policy* – use form from insurance company
         1. No income tax deduction – premiums paid by donor
         2. In estate, with the (not-so-perfectly) offsetting tax deduction (retains IO)
      2. Charitable beneficiary of a *new policy*, (new policy, see insurance agent)
         1. No income tax deduction – premiums paid by donor
         2. Proceeds included in estate, with offsetting estate tax deduction (retains IO)
      3. Donate *paid-up policy* to charity (insurance company form)
         1. Income tax deduction for gift value (per IRS formula)
         2. Proceeds not included in estate (No IO)
      4. Donate *policy with premiums still due* (insurance company form)
         1. Income tax deduction for gift value (per IRS formula)
         2. Income tax deduction for subsequent cash donations to charity to cover remaining premium costs (if made)
         3. Proceeds not included in estate (No IO)
6. **Marketing (5 mins)**
   1. Those With Existing Bequests
      1. Education about tax advantages of IRA gifts – Asset Swap?
      2. IRAs and Insurance may represent opportunities for additional gifts
      3. Beneficiary changes are free for both IRAs and Insurance
   2. General PG Audience
      1. Existing, older life insurance is sometimes a “forgotten” asset
      2. IRAs and Insurance may represent opportunities for a first gift – especially if someone already has a will in place, and there’s no interest in making changes
   3. Newsletters
      1. Identify different vehicles
      2. Share testimonials from donors
      3. Promote Recognition Society – various ways to become member
      4. Give potential prospects a chance to self-identify (email, call, visit website, etc.)
   4. Direct Mail Coupons
      1. Check boxes
      2. Promote Recognition Society – various ways to become member
      3. Identify prospects with a reply coupon
   5. Personal Visits
      1. Best way to really know your prospect – engage in dialog
      2. Create awareness of options
      3. Identify advisors (or lack of advisors)
      4. Gauge comfort/discomfort around options – informs planning
      5. Respect for Process
7. **Remaining Q & A**

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