

# MAGNIFY YOUR IMPACT

## RETIREMENT INCOME



As a United Way supporter, you are helping to ensure that every child, individual and family in our community thrives. On behalf of the lives you have touched, we thank you. Now you can create a gift for the future with assets from your retirement income.

### DONATIONS FROM A RETIREMENT ACCOUNT

Donating assets as part of your estate plan is a simple way to leave a lasting legacy to United Way while taking advantage of tax incentives.

While it's possible to donate retirement assets by cashing them out, paying income tax on the distribution and giving the remainder to a charity, this approach often minimizes the tax benefit for the donor and the advantage the charity receives.

### HOW DOES IT WORK?

A retirement account might be the most significant source of income from assets that you have accumulated in your lifetime. That's why determining the most efficient tax method for charitable donations is an important first step as you make plans. These are typically the two options available to donors:

- During the donor's lifetime: Donors take a distribution, include the distribution in ordinary income, paying the tax associated with that distribution and contribute the remaining cash to United Way. Note: This approach incurs significant tax liability.
- As part of an estate plan: When done properly, this approach minimizes the tax imposed on heirs and your estate.

Not all types of assets receive the same type of tax efficiency. Contributions from a Roth IRA are made with after-tax money, as funds put into a Roth IRA have already been taxed. Other assets have different tax liabilities. Contributions made from a 401(k) will incur a tax liability as the funds are withdrawn, while donations made from an inherited brokerage account may not incur a tax liability.

Many factors may impact on whether a contribution made from a retirement account will incur a tax liability. That's why we recommend consulting with a qualified financial advisor to ensure that your estate plan is properly designed.

### PLANNED GIVING NEXT STEPS

United Way staff will be happy to provide assistance as you begin the confidential process of creating a lasting legacy. If you need additional information about program participation, please contact:

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