UNIVERSITY OF THE CUMBERLANDS

Make the Most of Your Retirement Plan Assets

Maximize Your Impact and Minimize Taxes

Did you know that leaving your retirement accounts to loved ones may result in a substantial tax burden? The good news is that with thoughtful planning, you can reduce or even eliminate income taxes—while making a lasting difference through a charitable gift.

How Retirement Accounts Are Taxed

Qualified retirement plans receive special tax advantages during your lifetime. Contributions grow tax-deferred, and no federal income tax is owed on earnings until funds are withdrawn. However, when retirement assets are left to individuals other than your spouse, they are typically subject to federal income taxes. This can significantly reduce the amount your loved ones actually receive.

A Smarter Way to Give

By designating a nonprofit organization as the beneficiary of your retirement account, 100% of those funds can go directly to support a cause you care about—without being reduced by taxes. Meanwhile, you can leave other, less heavily taxed assets to your loved ones.

- **Primary beneficiary:** You can name the organization to receive the account directly after your lifetime.
- **Income for a loved one:** You may also structure your gift so that a loved one receives lifetime income, with the remaining assets later benefiting the organization.

Example: Bill planned to include a charitable gift in his will. Instead of leaving his IRA to his children (which would be taxable), he named his favorite charity as the IRA beneficiary. His children received other assets from his estate that weren't subject to income tax. The charity received the full IRA value—maximizing both his family's and his charitable impact.

Provide Lifetime Income for Your Beneficiaries

Under current law, most non-spousal beneficiaries must withdraw the entire account within 10 years—potentially increasing their tax burden. If you prefer to provide income over a lifetime, you can name a charitable gift annuity or charitable remainder trust as the beneficiary of your retirement plan. This strategy offers steady income to your loved ones while supporting a cause that matters to you.

UNIVERSITY OF THE CUMBERLANDS

Three Easy Ways to Donate Your Retirement Account

1. **Name us as your beneficiary** and obtain your spouse's written waiver if required.
2. **Make us the contingent beneficiary**—your spouse receives the account first, and we receive it afterward.
3. **Split your gift:** designate a percentage to us and the remainder to your children.

The simplest way to make this gift is to update your beneficiary designation form through your plan administrator. If you're married, your spouse may need to sign a waiver (except for IRAs). If you prefer, you can make the organization a contingent beneficiary or allocate a specific percentage of your account.

We're Here to Help

Planned giving can be a meaningful way to care for your loved ones and create a legacy of generosity. If you'd like more information, we would be happy to answer your questions—at no obligation.

Contact Us

Tyler Smith
VP for Philanthropy and Alumni Engagement

Phone: 606-539-3571
Email: plannedgifts@ucumberlands.edu
6191 College Station Drive
Williamsburg, KY 40769