HUMBOLDT
STATE UNIVERSITY

Gifts of Retirement Assets

A Tax-wise Way to Give

Did you know you can create a legacy at Humboldt State University without changing your will or parting with any assets now? You can designate Humboldt as a beneficiary of your retirement accounts and benefit from one of most tax-wise ways to support the organization you care about.

Making a gift of retirement plan assets, IRA's, 401(k), 403(b), and other qualified plans, is easy to do. You do not need to modify your will or living trust. You can name Humboldt as the sole beneficiary or as one of several. This allows you to make a gift while still providing for family members or other loved ones. At your passing, that portion of left-over funds will be paid to the Humboldt in a lump sum, totally tax-free. In the meantime, the funds remain available to you should you need them to meet your own needs, and, if family circumstances change, you can adjust the portion allocated to the Humboldt.

Besides tax savings, a gift of retirement assets has other advantages:

- It is easy to arrange. You simply request a beneficiary designation form from your plan administrator. There is no need to change your will or living trust.
- You can designate Humboldt State University as beneficiary of whatever portion you choose. For example, it might be 10 percent or 35 percent of the account. If you have otherwise provided for heirs, you could leave the entire balance to Humboldt.
- The gift is revocable. You retain full control of your retirement funds should you need them, and you can change beneficiaries at any time.

Taxation of retirement plan assets

Retirement assets are considered 'non-probate assets' and generally pass outside of the will or living trust. However, they are still considered to be a part of an individual's estate and the fair market value of these assets, along with all other estate assets, will be subject to possible state and federal estate taxes.

Every dollar your heirs receive (other than your spouse) from retirement accounts would be subject to income tax (unless the distribution derives from a Roth IRA). Depending on the size of the estate, retirement funds, like other estate assets, may be subject to estate tax. However, distributions from retirement accounts to a charity are subject to neither income tax nor estate tax.

Example of Using an IRA to Make a Gift

Option 1

Give $250,000 from your general estate assets to the Humboldt and the IRA to your children.

Income tax savings	$0
Net cost of gift	$250,000

Option 2

Give the IRA to the Humboldt and other assets to your children.

Estimated income tax savings (assuming a 35% combined federal and state tax rate for the children)	$87, 500
Net cost of gift ($250,000 - $87,500)	$162,500

General rule: Upon death, it is better to make charitable gifts with IRAs and qualified retirement funds and give other assets such as cash, securities, and real estate to heirs.

Outright Gifts of Retirement Assets

If you are over 59 ½ years of age, you might also consider an outright gift from your IRA or 401(k) or 403(b) plan. While the withdrawal will typically be a taxable event, your charitable deduction would offset the taxable income, provided you itemize your deductions and can claim the full deduction in the year you make the gift.

> ***"When I look at what's happening on campus, Humboldt is still at the forefront of issues. We wanted to help new and future students to keep moving forward. That's why it's so important to us to give back to that gift. And the Planned Giving staff made it so simple."***
>
> *— Brian ('82, Wildlife) and Melinda Barton ('83, Wildlife)*

Make a tax-free gift with an IRA charitable rollover (New as of 12/18/15)

You can make a tax-free gift from your traditional IRA (other qualified retirement plans such as 401(k)s and 403(b)s are not eligible). You must be at least 70 ½ years old to take advantage of this opportunity. You must transfer your gift directly from your IRA administrator to Humboldt. The total of all of your rollover gifts in any one year cannot exceed $100,000 per person. A spouse with a separate IRA could also make a rollover gift of up to $100,000 if they otherwise qualify.

NEXT STEPS:

To receive further information and assistance on gifts of retirement plan assets, or to learn more about how your gift can help Humboldt State University, please contact our Office of Philanthropy.

- call **(707) 826-5200**
- email **giving@humboldt.edu**

* The only exceptions to the possible double-taxation are distributions from a Roth IRA or distributions attributable to contributions of after-tax dollars to other types of IRA. Because everyone's situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.

HUMBOLDT STATE UNIVERSITY

By supporting Humboldt State University with your philanthropic donations, you are ensuring that the next generation of students enjoy an extraordinary college experience in one of the world's most beautiful places.

Office of Philanthropy
Humboldt State University
Phone: (707) 826-5200
Email: giving@humboldt.edu