

GIVING FROM YOUR IRA & 401K

Each year, after reaching age 70 ½, IRA and 401(k)s are subject to required minimum distributions (RMDs). Because the distributions start at just under 4% at age 71 and then slowly increase, many IRA and 401(k) plans will continue to grow. While distributions will eventually become larger, most individuals will eventually pass away with an IRA or 401(k) balance reasonably close to the value of the plan at age 70.

For this reason, the eventual distribution options for an IRA or 401(k) are very important because the IRA or 401(k) may be the largest asset in your estate.

For the IRA or 401(k) owner, the qualified plan is a wonderful benefit and a valuable asset. However, for children, the IRA or 401(k) is transferred with a large “you owe the IRS” tax bill attached (with the exception of a Roth IRA). For the vast majority of qualified plans, the child will pay the income tax. Worse yet, the IRA or 401(k) distributions may push the child into a higher tax bracket.

For this reason, it may be wiser to bequeath the home, land, stocks, and other assets to the children because there is no income tax bill attached. Then distribute the IRA or 401(k), or percentage thereof, to charity.

Because charities are tax exempt, there is no payment of income tax or estate tax. The charity receives the full value tax free. By transferring the IRA or 401(k), or percentages thereof, to charity, the children will receive more and your favorite charities will benefit from your legacy.

HOW DO I BEGIN?

In the event any portions of this article pertain to you, we can help. The Planned Giving Services Department at North Heights can help you organize an inventory of your estate and offer creative ideas when creating or updating an estate plan.

For more information on this free service, contact Orlando Logelin at 651-797-7927 or Orlando.Logelin@nhlc.org. You can also look us up at NHLC.org and click “Planned Giving Services.”

This is a complimentary service to members and regular attendees of North Heights Lutheran Church. The information we offer is for general information purposes only. For legal advice, please consult your legal counsel. If you do not have an attorney, we can assist you in locating appropriate legal counsel.

PLANNED GIVING SERVICES

If you would like to know more about a living will or the benefits of a will or trust to you, your family, and your church, contact your Planned Giving Services Department at 651-797-7927 or Orlando.Logelin@nhlc.org.

You can also look us up at NHLC.org/Giving and click “Planned Giving Services.” This is a free service to members and regular attendees of North Heights.

If you wish to transfer stock, contact 651-797-7927 or Orlando.Logelin@nhlc.org.


NORTH HEIGHTS
LUTHERAN CHURCH
2701 Rice Street
Roseville, Minnesota 55113

1700 West Highway 96
Arden Hills, Minnesota 55112

NHLC.org | 651-797-7800