

Retirement Planning that Helps You, Your Heirs and Junior Blind!

Did you know that when your loved ones receive distributions from your retirement accounts, those distributions could be taxed up to 70 percent?

A qualified retirement plan is an effective way to save for retirement, but not the best way to pass assets on to your heirs. If left to an individual other than a spouse, tax-deferred retirement plan assets such as an IRA or 401(k) can be subject to multiple layers of taxation due to both estate and income tax on distributions from those accounts.

An option you may wish to consider is to name Junior Blind as the beneficiary or contingent beneficiary of all (or a specified percentage) of your retirement plan and leave other types of assets that are not taxed as heavily to your heirs. This completely eliminates any income taxes your heirs would pay on those distributions and also reduces the size of your taxable estate for estate and income tax purposes... while helping children who are blind or visually impaired.

Naming Junior Blind as a beneficiary of your retirement plan is free and easy. Simply contact your retirement plan administrator to obtain the appropriate change-of-beneficiary forms.

In addition, if you need a tax break during your lifetime and are required to take minimum distributions from your own IRA account (you must wait until you are 70 ½ to take distributions without tax penalties), you can offset income taxes that you may incur with a charitable donation to Junior Blind.

You can donate distributions from your IRA to Junior Blind using the IRA rollover and avoid any income taxes on those distributions. Please consult with your financial advisor as to when and for what amount you should take your required minimum distributions.

Other planning with retirement accounts involves converting your traditional IRAs or 401(k)s into Roth IRAs. Funds in a Roth IRA grow and are distributed tax-free. You must be 59 ½ and have held the IRA for five years before you can take the distribution tax-free. For the first time, people making more than \$100,000 per year can also take advantage of the Roth IRA conversion. Distributions from Roth IRAs are not taxed because the tax is paid upfront when the conversion is made. By making a donation to Junior Blind in consultation with your financial advisor, you could offset negative tax consequences triggered by this conversion.

One more way to make the most of your retirement is to set up a Charitable Gift Annuity and guarantee yourself an income for life. CGA rates went up on July 1st, so now is the perfect time to set one up, take advantage of tax savings, and help Junior Blind.

Make the most of your hard-earned retirement funds. Consider including a charitable donation to Junior Blind in your retirement

planning, designating Junior Blind as a beneficiary or contingent beneficiary of your retirement accounts, or set up a CGA. The real beneficiaries will be our students! If you would like more information on this topic, please contact Bonnie E. Harris, Esq., Director of Gift Planning at (323) 290-6294.



Sample Gift Annuity Rates

| Age | Payout Rate |
|-------|-------------|
| 65-66 | 5.5% |
| 69-70 | 5.8% |
| 75 | 6.4% |
| 80 | 7.2% |
| 85 | 8.1% |
| 90+ | 9.5% |

Above are sample Gift Annuity Rates as of July 2010. Actual numbers may vary depending on discount rates at the time of the annuity's creation. Rates are subject to change. Rates for a two-person annuity differ. Donors should consult their own attorneys or financial advisors for tax and legal advice when considering any type of planned gift.