
FAQ: Charitable Beneficiary Designations

If you're looking for an easy, powerful way to make a difference at our organization and create an enduring legacy, consider the many benefits of a charitable beneficiary designation.

What is a charitable beneficiary designation?

Some assets do not pass by will but require (or allow) you to name a beneficiary instead. These assets bypass probate and go directly to the named beneficiary. While this is often a family member or trust, you can name a charity to receive the assets. This is a simple way to make a significant gift.

What assets can I pass directly to charity using a beneficiary designation?

The most common assets that pass by beneficiary designation are life insurance policies, IRAs, and other retirement accounts. Commercial annuities and many donor-advised funds also let you name a charitable beneficiary.

There are other ways to pass assets directly to beneficiaries that function almost the same as a beneficiary designation.

- A **payable on death (POD) designation** can be applied to your bank accounts if you would like to pass the money that remains in those accounts directly to charity.
- A **transfer on death (TOD) designation** can be applied to stocks and mutual fund shares and, in some states, even real estate, directing the transfer of the asset to a charitable beneficiary at your death.

Why should I consider using a beneficiary designation to fulfill my charitable goals?

1. It is extremely easy to implement.

2. It has no impact on your current finances, which may make it possible to leave a larger gift than you would have otherwise.
3. It is simple to revise or revoke your gift if your goals or circumstances change.

How do I implement this gift option?

A charitable beneficiary designation simply requires you to fill out a Change of Beneficiary form. You can get the form by contacting the institution that controls the assets you want to donate (i.e., the life insurance company, IRA custodian, plan administrator, etc.) or downloading it directly from their website. Fill it out using our full legal name and tax identification number, then return it to the institution. The process is much the same for a POD or TOD designation.

Can I name more than one beneficiary?

Yes! You can certainly name us as the sole beneficiary, but it is also common to designate a percentage of policy proceeds or account value to one or more family members and a percentage to fulfill your charitable goals. For example, you might leave 25% of your life insurance proceeds to each of your three grown children and 25% to our organization.

It is also possible to name a primary beneficiary and a contingent beneficiary. Naming a family member the primary beneficiary and our organization the contingent beneficiary means we will only receive the assets if your named family member cannot or does not accept them.

If I name your organization as a charitable beneficiary, do I need to let you know?

You don't *need* to tell us about your gift, but we strongly encourage it for several reasons:

1. We can follow up to make sure your intentions are carried out.
2. We want the opportunity to thank you for your thoughtful generosity.
3. Knowing about the future gift can help inform our planning—understanding that the gift could change in the future.

Is a charitable beneficiary designation a good fit for me?

It may be a good option if you want to:

- Make a substantial gift without committing the assets right now
- Continue to use the gift assets during your lifetime
- Retain the flexibility to change or revoke the gift if your needs or goals change
- Reduce the potential tax burden on your heirs

Is there a tax benefit to this gift?

Yes! This future gift qualifies for a charitable estate tax deduction, which can reduce any potential estate tax liability to your estate.

There is an additional tax benefit when you give your retirement assets. While these assets are highly taxed when passed to your heirs, our organization would not owe any tax on the gift. You may find it more advantageous to leave other assets to your heirs (such as stock or real estate, which benefit from a step-up in basis) and retirement assets to us. This relieves your heirs of any potential income tax liability resulting from the gift of retirement assets.

EXAMPLE: When David's wife died, he had to choose a new beneficiary for his IRA. He wanted to name his two children as beneficiaries, but he was dismayed to learn that, upon his passing, his children would have to pay significant income tax on those tax-deferred retirement assets—and the gift could possibly even push them into higher income tax brackets.

Instead, David names our organization as the beneficiary of his IRA. We will not owe any tax on the assets when we receive them, and David's estate will receive an estate tax charitable deduction, which will reduce any estate tax liability. David strategically leaves other, more tax-advantaged assets to his children while passing assets that would otherwise be heavily taxed to us.

Do I need to get my spouse's approval to name a charitable beneficiary?

Generally, no. However, spouses may have certain rights under state law, especially if you live in a community property state or marital property state or if you are planning for the eventual distribution of a qualified retirement plan account. Check with your advisors for more information.

Once I create a charitable beneficiary designation, do I need to do anything else?

It is a good idea to regularly review your entire estate plan, including all your beneficiary designations, to ensure that your plan still aligns with your needs and goals.

I have questions about my particular situation. Who should I talk to about this gift option?

Reach out to our team of planned giving professionals and/or talk to your advisor to further explore this gift option and how it can help you accomplish your charitable and financial goals.



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