

## Donating IRAs, 401k, 403b and other tax-deferred retirement funds to Friends House

*Increase your control and reduce your taxes*

If you have a traditional IRA, 401k or 403b or similar tax-deferred retirement account, you already know it can be a powerful vehicle for accumulating tax-deferred savings. But did you know that by donating it to charity at your death, you can avoid paying substantial taxes that would be due?

### Advantages of IRA donation

- Avoid paying taxes.
- Increase your legacy for heirs.
- Increase amounts available for charity.

### How it works

Making a bequest of a traditional IRA or other tax-deferred retirement account to Friends House Retirement Community of Sandy Spring, MD has many advantages. For example, this type of donation increases the amount available to charity and to children or other beneficiaries of your estate. This type of gift allows your heirs to avoid estate and income tax. This can result in significant tax savings depending on the size of your estate and the amount of income to be reported on the final income tax return.

### How to give a gift

Donating a traditional IRA involves a few simple steps:

- Make a bequest of the IRA in your will to Friends House or make Friends House a beneficiary of part or all of the remaining funds in your retirement account upon your death.
- You may also want to purchase a life insurance policy to magnify the power of the IRA and diminish the effects of taxation. Donors over age 70-1/2 years of age are required to take a minimum distribution of the IRA each year, so a portion of that distribution can be used to pay premiums. The beneficiaries, through an irrevocable life insurance trust, are the owners of the policy.
- Upon the second spouse's death, benefits of the insurance policy are paid to the beneficiaries and the entire IRA balance goes to Friends House tax-free.

### What Friends House receives

Charities depend on the generosity of donors like you to keep their missions alive. Donating a traditional IRA through a bequest increases the amount of money you can give to support them.

### What you receive

The tax advantages of donating a traditional IRA through a bequest allows you to be even more generous to your favorite charities. And the tax savings often allow you to leave an even larger legacy for your heirs.