

A Bequest to Save Taxes



Thomas was a widower who had a great love for our organization. As an individual who had directly benefited from our work, Thomas wanted to thank us with a gift from his estate.

Thomas told his attorney that he wished to make a bequest to his favorite charity. Thomas' estate included some stocks, real estate and an IRA. Thomas' attorney recommended that he give the appreciated stock and real estate to his children and leave his IRA to charity.

Thomas: My attorney told me that if I gave the stock and real estate to my children, these assets would receive a step-up in basis at my death. My children could then sell them without paying tax. However, if I gave my children my IRA, the IRA would be subject to estate and income tax. After paying all of these taxes, very little would be left for my family. By giving the IRA to this organization, I could make a nice gift and avoid any additional tax for my estate and children.

Thomas contacted his IRA custodian to obtain a beneficiary designation form. He filled out the form and designated our organization as the 100% recipient of his IRA account. Thomas' attorney then specified in Thomas' will the bequest of his other assets to his children.

Thomas: I was so impressed with my attorney's advice that I named him executor of my will!

Thomas called and notified us of his bequest. Thomas was pleased that because our organization was a tax exempt institution, it would receive the full amount of the IRA value when he passed away, creating a legacy for the future.

You also may want to make it easy and convenient to have a bequest included in your will. For more information contact Eileen Fitzenreiter at Eileen.Fitzenreiter@lfnd.org or 888-482-8425.