



**Farmington
Village Green
and Library
Association**

FVGLA E-News – designed to help you in your planning and discussions with others about our mission.

February 2011

The Secret to Feeling Good About Giving

Do you have money saved in an employee retirement plan, IRA or tax-sheltered annuity? Each of these retirement plan assets contains income that has yet to be taxed.

When you leave these assets in your will for your loved ones, the IRA balance may be doubly taxed at your death. First, the value of the account is includable in the person's taxable estate for estate tax purposes (at an assumed rate of 45%). Second, payments from the IRA to other beneficiaries are subject to income taxes (at an assumed rate of 35%).

By donating all or a portion of your IRA you are making an effective gift. You're providing for you own needs in retirement, leaving other, less heavily-taxed assets to heirs, taking care of loved ones, and ensuring monies are available for the causes you care about. In short, you're finding balance in your giving.

Benefits of Giving Your IRA to the FVGLA

- * Avoid the double taxation your retirement savings would face if you designate the IRA to your heirs.
- * Continue to take regular lifetime withdrawals.
- * Have the flexibility to change beneficiaries if your family's needs change during your lifetime.

How to Make an IRA Gift

- Contact your retirement plan administrator for a change of beneficiary form.
- Decide what percentage you want the FVGLA to receive, and name us, along with the percentage (1 to 100%), on the beneficiary form.*
- You may also want to make us the contingent beneficiary to receive the balance if your loved one, as primary beneficiary, doesn't survive you.
- Return the form to your plan administrator, and keep a copy with your will and other estate planning documents.
- After your gone, your gift continues our mission—one that during your lifetime, you helped achieve:

To enhance the quality of life and preserve the cultural history of Farmington through the financial support and operation of the Farmington and Barney Libraries, Stanley-Whitman House and museum, the Village Green, and Memento Mori Cemetery.

Some Limitations Apply

The donor must be age 70½ or older, the cap on annual IRA rollovers is \$100,000 and the contribution must be a direct gift to a charity (no planned gifts). If you have retirement assets in a 401(k), 403(b) etc., you must first roll those funds into an IRA, and then you can direct the IRA provider to transfer the funds from the IRA directly to the FVGLA. You will receive credit from us for the entire gift amount.

* Note that if you are married, your surviving spouse is usually entitled by law to receive the entire amount in certain qualified plans (but not IRAs). Your spouse, however, can sign a written waiver allowing the gift to us.

Estate tax rates are often higher than income tax rates, approaching or exceeding 50 percent. For this reason, it's important to plan the distribution process, especially for a large IRA, balancing income and estate tax consequences against each other as well as your own personal desires for your family and others.

This message is one of a series intended to be a resource in your planning. The publisher is not engaged in rendering legal or tax advice. For advice in your specific case, contact your attorney or financial planning professional.

Farmington Village Green and Library Association, 6 Monteith Drive, Farmington, CT 06032
ph 860-673-6791 x214 email FVGLA@FarmingtonLibraries.org web <http://www.The-FVGLA.org>