The Retirement Riches Reality

For most Americans, one thing is critical if the retirement years are to be golden… **financial security.**

This reality has led our lawmakers to create a number of incentives which encourage careful planning for retirement years. In the case of what Congress terms qualified plans -- an IRA, 401 (K), Keogh, and the like -- these incentives typically include the deferring of income tax on contributions and earnings to these plans.

Americans have embraced these incentive savings plans with enthusiasm! In fact, many individuals and families may have planned so well for retirement that a new, potentially devastating tax reality has been created.

In this brochure, we'll look at some smart retirement asset planning designed to limit or avoid multi-tier taxation problems.

Other Options To Meet Your Objectives

This brochure deals with only one example of how to reduce the tax liability when retirement funds are transferred. There are literally dozens of other strategies which can insure that your qualified plan works as hard as you worked to put it in place.

The Office of Planned Giving would be happy to provide you with specific information, personalizing one of the examples included in these pages to your situation or by providing you with other planning ideas which meet your objectives. To receive a complimentary personalized illustration or to explore other avenues, you're invited to use the reply form attached. Or call or write:

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(This information is provided as an educational service. Personal advisors should always be consulted in the planning process.)

Protecting Your Dreams

Ideas on Planning for Retirement Fund Distributions

The Incredible Shrinking Plan

In order to illustrate what can happen, assume a person has a large estate and a qualified retirement plan totaling $1,000,000 at death. Unaware of the tax consequences, Mr. Donor has bequeathed this asset directly to his children.

What is often overlooked is the multiple tax bites that may occur in a situation like this. It is clear that retirement planning incentives have been designed to create funds for retirement, but not designed to create funds for inheritance.

As Illustration 1 shows, an IRA to children may result in as little as thirty percent of the funds in a plan reaching the children.

However, just as our tax laws encourage retirement planning, they also contain attractive benefits when charitable organizations are on the receiving end of qualified retirement plans.

For those with charitable intent, it is often attractive to consider a bequest of either a portion or all of the funds in a qualified retirement plan to charity.

Illustration 2 shows the benefits of funding your intended charitable bequest with your qualified plan. The funds bypass the otherwise applicable taxes. As part of an overall estate plan, a good strategy is to specify that assets qualifying for a "step-up" in basis at death be transferred to children and retirement fund assets make up the intended charitable bequest.

Illustration 1 : IRA TO CHILDREN

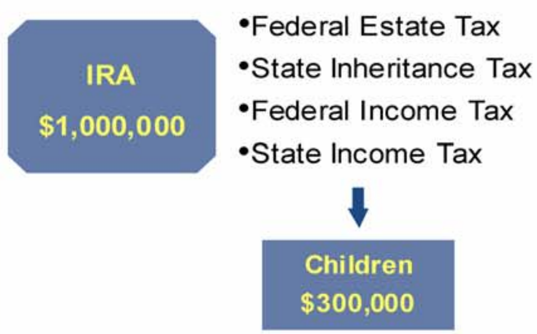
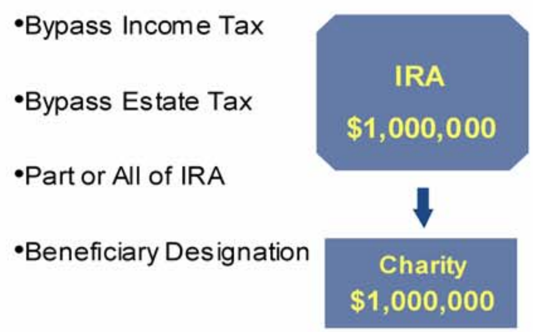


Illustration 2: BEQUEST OF IRA



More Information ...

I have reviewed your brochure on Retirement Planning and

❑ I would like to speak with someone who can provide additional information.

❑ I would like to receive some information on other charitable tax planning options.

Name ______________________

Street ______________________

City________________________

State / Zip___________________

Home Phone_________________

Work Phone _________________

e-Mail ______________________

(Please complete and return to the address indicated on the back panel. All inquiries are treated in complete confidence.)