

RETIREMENT PLAN ASSETS

PLANNED GIVING AT THE LAW SCHOOL FOUNDATION

Maximizing a Tax-Free Gift of Retirement Plan Assets

For many, a retirement plan is an important building block for future financial security. Many individuals enjoy significant growth in their accounts over time, comfortably benefiting from years of the assets' tax-deferred growth in an expanding market.

However, if the account is no longer needed as a primary source of retirement income, it may not be exhausted during an individual's lifetime. As a result, any assets remaining in the account when the individual dies will be subject to income and, in

some cases, estate taxes.

In some situations, this exposure can result in a combined tax hit of more than 50%, potentially leaving less than half of your plan assets to heirs. Even if your estate is not large enough to be subject to estate tax, and even if your spouse is your account beneficiary (thus avoiding estate tax), ***income tax will always be owed*** on the assets when they are withdrawn by an individual beneficiary.

Solving the Tax Dilemma - A "Bequest" of Retirement Plan Assets

Faced with this dilemma, many alumni and friends of the Law School are using their retirement plans to establish special philanthropic legacies. By naming the Law School Foundation as your retirement plan beneficiary, you will avoid income and estate tax altogether, and 100% of the value of the account will be applied for the

benefit of the Law School for purposes you designate. You will maximize the impact of each dollar in your plan and your impact on the Law School.

Making a gift of your retirement assets at the end of your life is easy. You simply need to request a new beneficiary designation form from your plan administrator and add the Law School Foundation as your beneficiary.

You may designate a specific portion or all of your plan assets to benefit the Law School. Or, as is often the case with larger qualified plans, you may wish to establish an endowed scholarship or professorship that will be administered in perpetuity. For example, if you want to provide funds for the Law School's unrestricted use, simply complete your form by designating the "University of Virginia Law School Foundation" (tax i.d. # 54-0838566) as your beneficiary. Note that if you are married,

(See Retirement Plan... next page)



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What About a Current Gift of My Retirement Plan Assets?

Unless you qualify for and elect the benefits of the new “Charitable IRA Rollover” legislation, available for eligible individuals at least 70 ½ years old, current law requires that you pay income tax on any retirement plan withdrawals during your lifetime (even if you immediately donate the assets to a charity). Depending on your specific tax situation, those assets can provide a welcome opportunity for philanthropic support even if you must first pay income tax on the amounts withdrawn.

In particular, if you are already required to take minimum required distributions from your account, and you don’t need that “mandatory” income for your own support, you can use those distributions to make an outright gift or a gift to establish a charitable gift annuity or charitable trust to benefit the Law School. You will be eligible to claim a charitable income tax deduction based on the value of your charitable contribution.

**YOUR PLANNED GIFTS
CONTINUE TO LAY THE
FOUNDATION FOR
THE LAW SCHOOL’S
FUTURE....**

Retirement Plan...

(continued)

your spouse may have to consent to your designation.

Because any designation of your retirement plan for the Law School Foundation needs to fit into your overall estate plan, we recommend that you consult with your professional advisers and the Law School Foundation before completing your designation.



Whom Do I Contact?

For more information about making your beneficiary designation or establishing an endowment with your retirement plan assets, or if you have questions about how you might make a current gift from your plan assets, please contact Elizabeth Leverage '92 at the Law School Foundation, 580 Massie Road, Charlottesville, Virginia 22903-1738; email us at eleverage@law.virginia.edu; or call 1-877-307-0158. You can also find information about other planned gifts to benefit the Law School at www.law.virginia.edu/campaign.

The University of Virginia Law School Foundation does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication is not intended or written to be used, and