



BENEFICIARY DESIGNATIONS

Gifts from Life Insurance & Retirement Assets

Assets held in retirement accounts and proceeds from life insurance policies can often make up the largest portion of an individual's total estate. When making estate plans, it is important to understand that these assets need special attention to ensure that they pass to the designated beneficiary with as little tax consequence as possible.

Retirement assets and insurance proceeds are considered to be "non-probate assets." In other words, they are typically handled differently than other assets traditionally considered to be "probate assets," such as real estate, bank accounts, vehicles, etc.

When a retirement account or life insurance policy is opened or issued, the account owner/policy holder signs a *beneficiary designation statement* that directs the assets upon death. These assets are passed to the designated beneficiary in accordance with the insurance contract or account agreement.

Retirement accounts and insurance policies are useful for making charitable gifts, but forethought and planning is required to make sure these assets are passed to the intended beneficiaries with minimal taxes due.

"Let a man regard us in this manner, as servants of Christ and stewards of the mysteries of God."

1 Corinthians 4:1

"The use of means ought not to lessen our faith in God, and our faith in God ought not hinder our using whatever means he has given us for the accomplishment of His own purposes."

Hudson Taylor,
Missionary to China



LOUISIANA
BAPTIST
FOUNDATION

GIVING RETIREMENT ASSETS

When you plan your estate, it may seem natural to automatically designate a child or other relative as the beneficiary of IRA, 401(k), or other retirement account after your death, while using other assets to make a charitable gift. However, using assets in this manner can create an undue tax burden. Not only are the assets in your retirement account subject to estate tax, but also income tax when received by an individual. A large portion of the account value may be consumed by taxes.

As an alternative, the Louisiana Baptist Foundation can be named as the beneficiary of your retirement plan, while other assets that are not subject to income tax are gifted to your loved ones. The Foundation is a non-profit organization and does not pay income tax on the distribution (nor will the gift be subject to estate tax). In addition, the Foundation will direct the proceeds to benefit the ministry of your choice. Meanwhile, your loved ones will receive other assets of your estate without the extra income tax burden.

GIVING LIFE INSURANCE

One of the simplest ways to Advance the Kingdom is to name your church or other favorite ministry as a beneficiary of your life insurance policy. Naming these organizations as a beneficiary of even a small portion (i.e. 5% or 10%) can have a significant impact on their ability to carry out their ministry.

Paid-up life insurance policies can be used to fund a gift through the Foundation. If, for instance, you acquired several life insurance policies when your family was younger, these policies may not be needed as your life circumstances change. Donating the policy provides a significant gift to the ministry of your choice and can provide you with a charitable tax deduction.

You can also transfer ownership of an existing policy which is not yet paid up. You can make deductible gifts to the Foundation to offset premium payments to continue to keep the policy in force.

The Louisiana Baptist Foundation has been assisting donors with giving through contracts and other charitable giving options since 1944. Please contact us to learn how your gift can be used for *Advancing the Kingdom.*



This information is ***not*** to be substituted for legal advice. Consult a knowledgeable legal professional to assist you with your estate planning needs.

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ADVANCING THE KINGDOM...

One dollar at a time. One ministry at a time. One life at a time.