

# MILLS

## OFFICE OF INSTITUTIONAL ADVANCEMENT

Who benefits from your IRA after you're gone?  
Who pays?

*Help your heirs avoid taxation on their inheritance from you.* Non-spousal family members and friends who are named the beneficiaries of certain retirement savings plans are subject to income tax on the remainder of the plan when they inherit it. This is in addition to any estate or death tax for which the estate may be liable. Depending on your beneficiary's tax bracket and the estate tax exemption amount in the year you die, this could mean a reduction of up to 70 percent of the value of the remainder of a retirement plan funded with pre-tax dollars, such as a traditional individual retirement account (IRA) or 401(k) or 403(b) plan.

If your plan is to include Mills College in your estate, consider naming Mills the beneficiary of your retirement savings plan and bequeath other assets (cash, stocks, real estate) to family and friends. Because charitable entities such as Mills College are not taxed, the value of your bequest to both Mills and your heirs can be preserved.

You may be able to **utilize your IRA** to fund tax-free charitable gifts **today** with a charitable IRA rollover. To find out how, read below.

### **The Charitable IRA Rollover**

On Oct. 3, 2008, Congress passed and the president signed the Emergency Economic Stabilization Act of 2008 (H.R. 1424), legislation that includes a two-year extension of the IRA charitable rollover. The provision, originally enacted as part of the Pension Protection Act of 2006 permits IRA owners starting at age 70½ to make tax-free charitable gifts totaling up to \$100,000 per year from their IRAs directly to eligible charities, such as Mills College. **This provision expires after December 31, 2009.**

*A charitable IRA rollover is advantageous* when a donor wants to make a substantial charitable gift and doing so would not significantly impact the earning power of her IRA nor the income upon which she depends. You may want to consider this option when planning your year-end charitable giving.

*To be exempt from reporting a distribution from your IRA as income to the IRS:*

- You must be at least 70½ years of age.
- You must instruct the financial institution holding your IRA to distribute the funds directly to Mills College (hence the term *rollover*).
- Your rollover must take place no later than December 31, 2009.
- Your tax-exempt charitable rollover limit is \$100,000 per qualifying taxpayer per year.

*Limits, restrictions, and considerations:*

- Charitable IRA rollovers are not tax-deductible.
- A charitable IRA rollover may not fund a planned gift such as a charitable remainder trust or charitable-gift annuity.
- Donor-advised funds and private foundations are not qualifying charities.

*Disclaimers:*

- Mills College does not provide or offer tax or financial advice.
- Consult your financial and tax advisors to find out the implications of this kind of giving for you.

*For more information* about naming Mills College a beneficiary of your retirement plan or about making a gift to Mills College with a charitable IRA rollover, contact:

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