



Estate Planning & Tax

Q. Should I name a charity as beneficiary of my traditional IRA or retirement plan?

A. If you have charitable goals as part of your estate plan, naming a charity as the beneficiary of your traditional IRA or retirement plan can be compelling. When you name your spouse, children, or others as beneficiaries, the full value of your traditional IRA or retirement plan will be part of your taxable estate. In addition, the beneficiary will be subject to income tax on the distributions received. In contrast, if you name a qualified tax-exempt charity as your beneficiary, your traditional IRA or retirement plan will not be subject to estate tax as your estate will receive a charitable deduction. Moreover, the charity will not have to pay any income tax on the funds received. If you are including charities in your estate plan, talk with your estate planning attorney to determine if this is the right choice for you.

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