

IRD Basics & Best Practices

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IRD Basics & Best Practices

Agenda

- Background
- Opportunity
- Rules
- Best Practices

1

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What is Income in Respect of Decedent?

- Income earned prior to death, but not yet received.*
 - **Retirement Plan Balances**
 - Uncollected Wages
 - Uncollected Rents

*IRC Section 691

2

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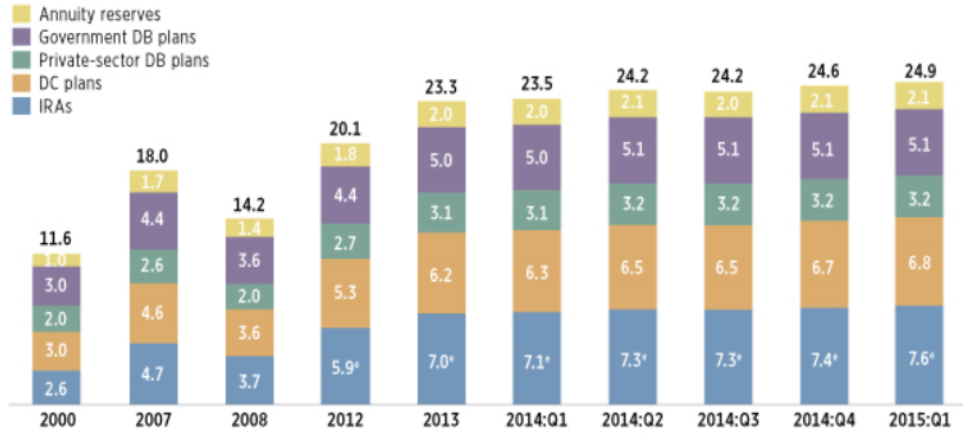
Opportunity

- \$24.9 Trillion
- Simple
- Flexible
- Tax-advantaged

3

U.S. Total Retirement Market

Trillions of dollars, end-of-period, selected periods



*Data are estimated.

Note: For definitions of plan categories, see Table 1 in "The U.S. Retirement Market, First Quarter 2015." Components may not add to the total because of rounding.

Sources: Investment Company Institute, Federal Reserve Board, National Association of Government Defined Contribution Administrators, American Council of Life Insurers, Internal Revenue Service Statistics of Income Division, and Government Accountability Office

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Rules

Method of Transfer

- Beneficiary Designation
- No Probate

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Rules

Who Pays the Tax?

- Estate
- Trust
- Individual
- Charity

6

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Rules

Designated Beneficiary*

- Natural persons named as beneficiary,
- Still beneficiaries on 9/30 of year after death,
- Not shared beneficiary with non-individual.

*IRC Section 401

7

Payout Options: Designated Beneficiaries

- Lump Sum
- 5 Years
- Lifetime
- Disclaim
- Spousal Options
 - Own IRA
 - Deceased's 70.5 birthday

8

Payout Options: Non-Designated Beneficiary

- Lump Sum
- Death before 70 ½: 5 years only
- Death after 70 ½: RMD on original owner's life

9

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Multiple Beneficiary Solution

- Charity & Individuals Named
 - Charity – lump sum before 9/30*
 - Individuals – variety of options

- Separate Accounts

* Reg. Section 1.401(a)(9)-4, A-4(a)

10

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Best Practices

- Keep donor engaged.
- Talk to advisors.
- Coordinate Death Claims.
- Develop Procedures.

11

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Legislation

- IRA Charitable Rollover status
 - H.R. 4619 – Permanent IRA Charitable Contribution Act
- Elimination of Stretch IRA
 - 2016 Budget Proposal

12

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Questions? Answers? Discussion?

13

THANK YOU!