

Your Legacy

Planned Giving Newsletter from Northeast Community College Foundation

Northeast
community college
FOUNDATION

Retirement & You

Retirement is that wonderful, long anticipated time in life when you are free to do all the things you have always dreamed of doing. And, if you have been fortunate and thrifty, you have a significant IRA or 401(k) plan. For the IRA or 401(k) owner, the qualified plan is a wonderful benefit and a very good asset.

Let us tell you what happens with these plans as you age. Starting at the age of 70 1/2, IRA and 401(k) plans are subject to required minimum distributions (RMDs). The RMDs start at just under 4% at age 71 and then slowly increase so most IRA and 401(k) RMDs will continue to grow. While the required distributions will eventually become larger, most individuals will pass away with an IRA or 401(k) balance reasonably close to the value of their plan at age 70 if they just take the RMD during their lifetime.

For you and many others, the IRA or 401(k) may be the largest asset in your estate. For this reason, understanding the eventual distribution options for an IRA or 401(k) are quite important. ■

5 Common Designated Beneficiaries

IRA and 401(k)s are transferred to a designated beneficiary that you select on your IRA or 401(k) custodian's form.

1. Surviving spouse
2. Children, stepchildren, grandchildren
3. Charity of your choice
4. A trust for children
5. A trust for spouse and children

“Map of My Kingdom”

Who's going to get the farm? What are they going to do with it? Will your future plans for your land create harmony or strife for your family?

A play focusing on farmland transfer by
Mary Swander

Area Showings

Tuesday, May 7, at 7:00 p.m.
West Point Community Theater
237 N. Main Street
West Point, Nebraska

Thursday, May 9, at 7:00 p.m.
Cox Activity Center Theater
Northeast Community College
801 E. Benjamin Avenue
Norfolk, Nebraska

Cost: Free

Leaving a Legacy to Your Children

IRA and 401(k)s are transferred to a designated beneficiary that you select on your IRA or 401(k) custodian's form.

Although children are often a designated beneficiary, IRA and 401(k) funds may not be the best way to pass wealth on to them. You see, funds received as a beneficiary of an IRA or 401(k) (with the exception of a Roth IRA, which is income tax-free) are subject to large income tax bills that your children would have to pay. Additionally, if the income pushes them into a higher tax bracket, that too would cause an increase in their tax liability.

An alternative way to pass wealth to your children would be through your home, land, or stocks, where children pay no income tax upon receipt. This way all of your assets are put to use accomplishing your goals to their fullest potential. You can transfer your IRA or 401(k) to a charity, which pays no taxes to those distributions.

If you have any questions about an end of life gift from your retirement account to a charity, please contact us at foundation@northeast.edu or (402)-844-7240. We would be happy to assist you and answer any questions you might have. ■

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Northeast does not discriminate based upon any status protected by law or college policy. Please go to northeast.edu/nondiscrimination for details.

Founder's Society

Anonymous (2)
John & Diana Blaylock
Dr. Michael & Susan Chipps
Vern & the late Lucille Fairchild
Scott & Angela Gray
Dr. Wade & Kristine Herley
The late Robert & Joan Hodgson
Daniel & Dr. Tracy Kruse
Dave & Ann Lund
Ed & Corrine Morris
The late Norman Oschner
Dirk & Jan Petersen
Mark & Beth Pfeil
Brian & Rose Ann Rogers
Jeff & Lori Scherer
Brian & Nicole Sedlacek
John & Vickie Sehi
Dr. G. Tom & Susan Surber
Frank & Chris Tudor
Glenice & the late John C. Watson

Planned Giving: Frank & Christine Tudor



The Tudors recently decided to create an estate gift to Northeast Community College. For Chris, who has worked with prospective estate donors at Northeast, the motivation behind her gift was clear. They decided to leave a portion of an IRA to the college - a move she says has several advantages.

“I’ve spent my life’s work at colleges in Nebraska and South Dakota,” said Chris. “When I first arrived at Northeast, I was a devoted liberal arts supporter thinking that four year colleges can most positively affect their students. But now,

simply put, Northeast does it best. They care about their students. They set them up to succeed no matter what barriers are in their way. I want to be a part of that.”

“As a beneficiary of my IRA, the gift we are leaving will go directly to the college tax free,” said Chris. “Because this money was placed in our retirement fund before income taxes, it becomes the highest taxed asset in our estate - meaning our beneficiaries will have a sizable income tax bill in addition to any estate tax that may come out of their inheritance. So, if you are considering a gift to a charitable organization, the most tax-efficient way to accomplish that is through an IRA gift.”

Chris and Frank’s gift will be used to empower Northeast students with in-demand skills and knowledge. With their gift, they plan to start an endowed scholarship to benefit single parents attending Northeast. The initial gift will be invested, and the earnings from that investment will be awarded as scholarships to students. ■