

ASK THE ADVISERS

The views and opinions expressed in "Ask the Advisers" are solely those of Keith Singer.



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CHARITABLE PLANNING

Many people want to feel like they left the world in a better place by the time they die; they may choose to earmark some of their wealth, upon their death, to those who are less fortunate than themselves.

You do not necessarily need to retain an estate planning attorney to add charitable provisions to your estate plan. You can simply contact your financial advisor and ask them to create an additional IRA account with a charity as your revocable beneficiary and transfer any amount that you would like to leave from your existing IRA into the new account.

Not only is this free to put in place, but an individual retirement account is also the most efficient way to leave money to a charity. Unlike charities, ordinary beneficiaries must pay taxes on any funds withdrawn from IRAs. That means IRAs left to one's kids may be worth as little as 55 to 60 cents on the dollar depending on their income, their

state of residence, and the size of the IRA.

However, when you designate a qualified charity as your beneficiary, the charity will get 100% of the proceeds without having to pay any portion of it to the state or federal government. If the account appreciates and the value exceeds your charitable goals, you can simply instruct your advisor to transfer the excess amount back into your main IRA account. If your financial circumstances change, you are always free to withdraw funds or even change your beneficiary during your lifetime without having to incur any legal fees.

Finally, you should suggest to your advisor that since this money is going to charity, they should waive their management fees on the charitable account. That is something we happily do for our clients who use this strategy.

Bottom line: if you plan to leave money to charity, you might as well do so in a way that minimizes both the legal cost and the tax liability for you and your family.