

# BEQUESTS & RETIREMENT PLANS

Plan today to make a future impact

James B. Duke had the foresight and ambition to leave an estate gift that transformed Trinity College into Duke University in 1924. Since then, generations of donors have made bequests to this special institution, and all of them – whatever the amount – have had an important impact on campus.

**Charitable bequests** are planned gifts made through a will or an estate plan. These flexible strategies offer multiple benefits that may help you achieve your personal and financial goals. These types of gifts also provide vital support for the Duke students, faculty, departments, and programs that matter most to you. Bequests help Duke to carry forth its mission of providing exemplary education, conducting world-class, cutting-edge research, addressing local and global challenges, and caring for patients.

## What are my options?

- Include Duke in your **will** or **revocable trust** (also known as a “**living trust**”).
- Name Duke as a primary or contingent beneficiary of your **retirement plan**.

## Benefits

### *For you*

- Contribute any dollar amount or percentage of your estate or retirement account
- Retain control of your assets in case you need them
- Revise plans as your financial needs and goals change over time
- Direct the funds to support the areas at Duke most important to you
- Generate potential tax advantages for your estate and/or surviving heirs

### *For Duke University*

- Provide future support for one or multiple areas at Duke
- Sustain Duke’s mission to deliver exceptional education, research, and patient care
- Create or add to an existing permanent endowment in your name or in memory of a loved one, such as a financial aid scholarship



## Some factors to consider

### Sample bequest language to include Duke in a will or revocable trust

The following language illustrates how a bequest to benefit Duke may be worded in your estate documents, for review by you and your attorney.

*I give, devise and bequeath to Duke University, a qualified 501(c)(3) charitable organization located in Durham, North Carolina, \_\_\_\_\_ percent of my residual estate (or a specific bequest of \$\_\_\_\_\_ ) to be used in accordance with the terms of the most recent written directive I have signed and delivered to Duke during my lifetime that provides instructions for the use of this gift, and, if none exists, for unrestricted use by the [specific school, unit or program] at Duke University.*

Please note: The Legacy Gift Confirmation form can serve as the “written directive” referenced in the bequest language above.

### Naming beneficiaries of retirement plan accounts

#### When assets are left to heirs:

For many Americans, retirement plans such as IRAs and 401(k)s represent a significant portion of their net worth. Yet these plans generally do not receive favorable tax treatment upon the death of their owner. In fact, such assets may be taxed twice:

- First, retirement assets may be subject to income tax when withdrawn by heirs. Under current law, most non-spousal heirs must withdraw the full account balance within ten years of inheriting it. Heirs with high incomes may have a combined federal and state marginal tax rate of 40 percent or more.
- Second, these assets may be subject to federal estate taxes as high as 40 percent (plus state estate taxes in some cases).

**By contrast, when retirement plan assets are left to charity,** neither estate nor income taxes are imposed. Duke likewise pays no taxes on gifted retirement assets and is able to apply 100 percent of the proceeds to the area(s) most important to you, maximizing your gift’s impact on campus.

### Sample tax treatment of \$100,000 IRA assets left to heirs vs. left to Duke

	INITIAL AMOUNT	ESTATE TAX	NET AFTER ESTATE TAX	INCOME TAX	NET AFTER INCOME TAX	NET% AFTER TAX
<b>To Heirs</b>	\$100,000	(\$40,000)	\$60,000	(\$24,000)	\$36,000	36%
<b>To Duke</b>	\$100,000	\$0	\$100,000	\$0	\$100,000	100%

*\*Assumes donor is subject to federal estate tax; heirs subject to combined federal and state income tax marginal rate of 40 percent. State inheritance taxes are not considered here.*



## How to get started

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1. **Contact Duke's Office of Gift Planning** to begin exploring the types of planned gifts that may be a good fit for you.
2. **Discuss charitable bequest options with your personal, financial, and legal advisors** to determine if they are right for you.
3. **Make a bequest to Duke.**
  - a. To add Duke in your will or revocable trust, be sure to include the appropriate language in your will or trust documents. See the sample bequest language above.
  - b. To name Duke as a beneficiary of your retirement account, simply complete a beneficiary designation form provided by your plan administrator, often accessible online.
4. **Complete a Duke Legacy Gift Confirmation form.** This non-binding form notifies Duke of your plans and helps ensure your gift is used according to your wishes when it is received by the university.

### Connect with us to get started

Duke University's Office of Gift Planning has charitable planning experts available to work with you and your financial advisors to explore charitable giving strategies that support your financial goals now and in the future.

EMAIL: [giftplanning@duke.edu](mailto:giftplanning@duke.edu)

PHONE: (919) 681-0464

WEBSITE: [giving.duke.edu/giftplanning](http://giving.duke.edu/giftplanning)

BLOG: [giving.duke.edu/blog](http://giving.duke.edu/blog)

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