



Advising Donors in a SECURE World: Charitable Gift Planning with Retirement Accounts

NORTHWEST PLANNED GIVING ROUNDTABLE
ANNUAL CONFERENCE

Jessica Baggenstos, JD, LLM
September 24, 2026



“Retirement Accounts”

- **Tax favored savings accounts.**
- **Policy: promote saving for retirement.**
- 401(K), 403(b), Individual Retirement Account (IRA).
- Traditional v. Roth
- Taxable accounts.



Features of Traditional Retirement Accounts

- **Funded with *pretax* income.**
 - Contributions are deductible for income tax purposes.
- **Annual contribution limits**
 - \$24,500 in 2026.
 - Additional amounts at age 50, 60.
- **Tax free growth** while in the plan.
- Withdrawn funds are **ordinary income**.



Features of Traditional Retirement Accounts – the *Applicable Age*

- **Penalty applies if you withdraw from a retirement account before age 59 1/2.**
- **After the applicable age, penalties apply if you don't withdraw!**
 - The applicable age is when you start

Date of Birth	Applicable Age
Before 1 JUL 1949	70 (1/2)
1 JUL 1949-31 DEC 1950	72
1951-1959	73
1960 or later	75



Roth Retirement Accounts

- **No tax deduction for contributions.**
 - Funded with post-tax income.
- **Tax free while in the plan.**
- **Distributions are tax free!**
- **No required minimum distributions.**
- **Roth conversions.**



Taxable Brokerage Account

- **No tax deduction for contributions.**
- **Taxed on all income annually.**
- **No restrictions on access.**



Investment Account Comparison Summary

	Traditional	Roth	Taxable
Contributions	Deductible	No deduction	No deduction
Limits on contributions	Yes	Yes	No
Tax Free while in account	Yes	Yes	No
Penalty for early withdrawal	Yes	No	No
Required minimum distributions	Yes	No	No
Tax treatment of withdrawals	Ordinary income	Not taxed	No additional tax



Retirement Accounts at Death

- **Beneficiary Designation controls distribution.**
 - NOT Will or revocable trust.
 - Default beneficiary: spouse or “estate.”
- **Income tax considerations - withdrawals.**
 - Ordinary income to the beneficiary.
 - Most beneficiaries have ten years.
 - Spouses.
 - Rollover or beneficiary IRA.



Retirement Accounts at Death

- **Estate tax.**

- Estate tax is separate from the income tax.
- Retirement accounts are taxed.
- Federal estate tax: \$15,000,000 exemption + portability.
- OREGON estate tax: \$1,000,000 exemption.
- WASHINGTON estate tax: \$3,000,000 exemption.
- Marital deduction.
- Charitable deduction.



Retirement Account Considerations

- **Unique income tax attributes.**
- **If the account owner is living, how old are they?**
 - Retired? Taking RMDs?
 - Need for the funds? Estate planning?
- **Is the account owner deceased?**
 - Beneficiary IRAs.



Retirement Accounts & Charitable Gifts During Life

- **The income tax charitable deduction.**
 - Itemized deduction.
 - Limitations and Rules.
 - Donor's income, type of asset, type of beneficiary.
- **“Bunching” charitable gifts**
 - Donor Advised Funds
 - Community Foundations



Retirement Accounts & Charitable Gifts During Life

■ **Qualified Charitable Distribution**

- Direct transfer from IRA custodian to public charity.
- Excluded from donor's taxable income (AGI).
- Satisfies RMD requirement.
- 2026 maximum allowed QCD: \$111,000
- Available to donors age 70 1/2 and older for "inactive" accounts.
- Available to inherited IRAs.



Retirement Accounts & Charitable Gifts During Life

- **QCD to Charitable Gift Annuity**
 - One time option to put up to \$50,000 from an IRA into a charitable gift annuity.
 - Treated as a QCD.
 - Annuity must benefit the plan owner or spouse.
 - Annuity rate must be 5% or higher.
 - Income from the annuity is taxed as ordinary income.



Retirement Accounts & Charitable Gifts During Life

■ Roth Conversion

- Move funds from a traditional IRA or 401(k) to a Roth IRA.
- Recognize entire value of the IRA as income in the year of the conversion.

■ Charitable gift to offset higher income?

- Remember, the income tax charitable deduction is an itemized deduction, and limits are determined by the taxpayer's



Retirement Accounts in an Estate Plan

■ General Considerations

- No estate plan = no gift to charity.
- Beneficiary designation controls distribution of the retirement savings account.
 - Multiple beneficiaries of one account.
 - Multiple accounts with different beneficiaries.

■ Coordinate Multiple Documents

- Beneficiary designation + Will/Revocable Trust:
 - Specific gift, reduced by amounts paid by IRA/401(k).

■ Consider the Beneficiaries



Retirement Accounts in an Estate Plan

- **Direct gift of traditional retirement savings account to charity.**
 - Maximum benefit to charity.
 - Maximum income and estate tax deduction.
- **Other assets available for non-charitable beneficiaries.**
 - No income tax burden.
 - Basis adjustment.



Retirement Accounts in an Estate Plan

- **Example. Taylor has a \$1 million IRA, \$600,000 house and \$400,000 brokerage.**
 - IRA to child, Sam; balance to Favorite Foundation, a public charity.
 - Sam receives a gift of \$1,000,000, all of which will be taxed as ordinary income when withdrawn; Sam's tax basis is \$0.
 - Favorite Foundation receives assets worth \$1 million.
 - IRA to Favorite Foundation, balance to Sam.
 - Favorite Foundation receives assets worth \$1 million, doesn't pay income tax.
 - Sam receives a gift of assets worth \$1 million: no income



Retirement Accounts in an Estate Plan

- **IRA to Charitable Remainder Trust (CRT).**
 - Beneficiary of donor's IRA is a charitable remainder trust.
 - Charitable remainder trust:
 - Pays annual annuity or unitrust for a term of years or lifetime.
 - Remainder passes to charity.
 - The tax benefit.
 - A CRT is a tax-exempt entity. There is no income tax liability when the IRA is paid to the CRT.
 - Income beneficiary recognizes income in the year the annuity or unitrust amount is received.
 - Estate receives an estate tax charitable deduction for the value of the remainder as of date of death.



Retirement Accounts in an Estate Plan

- **Example. Taylor dies in 2026 with a \$1 million traditional IRA.**
 - Beneficiary designation names the Taylor Memorial CRT.
 - CRT pays Taylor's child, Sam, 5% of the value of the trust a year, for life.
 - Remainder passes to Favorite Foundation.

Retirement Accounts in an Estate Plan

Example – Charitable Remainder Trust

Taylor's IRA
(\$1,000,000)

At Taylor's death in 2026, the balance of the IRA is paid to the CRT.

Taylor's
Estate

- Includes \$1,000,000 IRA.
- Receives charitable deduction of \$207,620.

Taylor
Memorial
CRT

The CRT trustee holds and invests the assets from the IRA. The CRT does not pay income tax. Each year, the trustee pays Sam a 5% unitrust amount.

Sam (45)

*Sam receives 5%/year, for life.
(\$50,000 in year 1, increases
with value of the trust.)*

**FAVORITE
FOUNDATION**

Favorite Foundation receives the balance on Sam's death. (Software projects Sam will live 35 years, then Favorite Foundation receives \$2,859,031.)



Retirement Accounts in an Estate Plan - CRT

- **Benefit of income tax deferral.**
 - Tax deduction is not as good as an outright gift to charity.
- **Strict rules apply to the CRT.**
 - Beneficiary may not receive any more than the designated amount.
 - If there are concerns about beneficiary needing more, the CRT may be too restrictive.
- **For some donors, the CRT is just right.**



Charitable Giving with Retirement Accounts

- Questions
- Observations
- Ideas



Key Takeaways

- **Retirement Savings are unique assets.**
 - Most donors will have them in their portfolio.
 - Advisors add value by understanding these assets and how donors can work with them to maximize their charitable and other goals.
- **Beneficiary designations.**
 - Every account, every time.



Reception Time!



Black Helterline LLP

Jessica Baggenstos, Partner

805 S.W. Broadway, Suite 2600

Portland, OR 97205

503.224.5560

jessica.baggenstos@bhlaw.com

www.bhlaw.com