Wayne County COMMUNITY FOUNDATION

Retirement strategies: Tax benefits and beyond

At the Community Foundation, we regularly talk with retirement-age donors and fund holders about the tax benefits of Qualified Charitable Distributions and leaving bequests of IRAs to the Foundation. But getting involved in philanthropy can be so much more than that for retirees and people who are gearing up (or down!) for retirement. This is particularly relevant as some retirees consider returning to work and contemplate what that means for their charitable giving and volunteering plans.

You've likely heard the statistic that 10,000 people in the United States are turning 65 every day. And while 65 may be the "traditional" retirement age in this country, the milestone appears to be anything but traditional nowadays. While Covid-19 did not impact retirement ages as much as some might have predicted, many of those who did retire actually now regret it. While many retirees are seeking work for financial reasons, two of the top six reasons to go back to work involve boredom or loneliness.

For people who've reached a theoretical retirement age, working or returning to work provides many opportunities that tie into philanthropy. For example:

- You can still contribute to your IRAs (which many people do not realize), and if there's an employer-sponsored 401(k) plan, all the better.
- You can use your extra income to fund your donor-advised fund at the community foundation, making you eligible for an income tax deduction as well as removing assets from your taxable estate.
- As you take advantage of the opportunity to get more involved with causes you care about in your free time (which has perhaps increased because children have grown), you can update your estate plan to leave additional bequests to your donor-advised fund at the community foundation to support your favorite causes after you're gone.
- And of course, if you are 70 ½ or older, you can take advantage of the Qualified Charitable Distribution (QCD) which allows you to direct up to $100,000 annually from your IRA to a qualified charity, and even more in future years as the $100,000 cap is indexed for inflation. Plus, if you've reached the age when you are required to take distributions from your IRAs, QCDs will offset those Required Minimum Distributions (RMDs).

For those who've retired for good, remember that many of the organizations you care about could likely use your help not only financially as a donor, but also as a volunteer, board member, or community advocate.

Please reach out to the team at Wayne County Community Foundation. We'd love to work with you on your charitable giving plans for retirement, un-retirement, or re-retirement, as the case may be! Your seasoned professional skills and civic commitment are truly valuable to improve the quality of life in our community.

Let's connect.

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