

Qualified Charitable Distributions

IF YOU ARE AT LEAST 70½ YEARS OLD, you are eligible to make Qualified Charitable Distributions (QCDs) from your IRA(s) of up to \$100,000 annually. QCDs provide a tax-efficient way to make charitable contributions because the distributed amounts are excluded from federal taxable income.

You may direct a QCD to the UVA Alumni Association program of your choice, and you can designate the distribution for unrestricted use (to meet greatest current needs) or for other charitable purposes you select, such as scholarship support. If you want to restrict your QCD to support a particular purpose, please contact the Alumni Association Development Office so that our staff can review your proposed use and confirm we can carry out your wishes as you intend.

QCD CONSIDERATIONS

- You must be at least 70½ years old to be eligible to make a QCD.
- QCDs must be made from IRAs (including inactive SEP and SIMPLE plans). Distributions from any other type of retirement plan (401(k), 403(b), 457, Keogh, etc.) will not qualify.
- You can make QCDs totaling up to \$100,000 annually.
- QCDs are excluded from federal taxable income and count toward required minimum distributions (RMDs). If you are subject to an RMD, the federal tax exclusion may allow you to remain in a lower income tax bracket and potentially eliminate “high income” tax penalties. If you will claim the income tax standard deduction, a QCD may act like an itemized deduction by reducing federal taxable income dollar for dollar.
- You cannot claim a federal income tax charitable deduction for your QCD. State laws may vary, and some states may treat QCDs as taxable income followed by a deduction. Please consult your tax advisor to learn more.
- QCDs must be made outright to qualified charities. They cannot be used to fund charitable remainder trusts, gift annuities, donor-advised funds or family foundations.
- QCDs must be distributed directly to the charity by your IRA administrator — amounts distributed to you first and then given to charity do not qualify as QCDs.
- The charity must receive the QCD on or before December 31, 2021, to be counted in the 2021 tax year. A postmark date of December 31, 2021 is not sufficient.

HOW TO SET UP A QUALIFIED CHARITABLE DISTRIBUTION

You must instruct your IRA plan administrator to make a QCD. Some IRA administrators offer their own instruction forms, which often can be found online.

The UVA Office of Gift Planning can also provide you with sample letters (1) directing your plan administrator to make a QCD to the Alumni Association, and (2) notifying the Alumni Association of your QCD gift, how you want it to be used and, if applicable, how you want your gift divided among two or more UVA schools or areas.

The information in this document is for illustration purposes only and is not intended as legal or tax advice. We encourage you to consult your own legal and tax advisor.



CONTACT:
alumni.virginia.edu/give/alumni-association
(434) 243-9000

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Life Income Gifts

LIFE INCOME GIFTS TO THE ALUMNI ASSOCIATION allow you to provide future support to the Association while producing payments for you and/or your loved ones and tax deductions and benefits for you or your estate. Payments can be fixed or variable and current or deferred, depending on your needs. You can create a life income gift during your lifetime or as part of your estate plan.

You can designate your gift to benefit the Alumni Association program or scholarship that means the most to you. You may define the purposes for which your gift will be used — unrestricted support that meets greatest needs or another purpose you select. The Alumni Association Development Office will work with you to document your provisions and be certain the Alumni Association can carry out your wishes as you intend.

CHARITABLE GIFT ANNUITY

A Charitable Gift Annuity (CGA) is created with a simple contract. In exchange for your gift of cash or stock of \$5,000 or more, the University of Virginia Foundation (UVAF) pays you and/or your loved one a fixed annuity for life. At the end of the contract term, the remainder will be used by the UVA Alumni Association for the purposes you specify.

Rates range from 3.7% to 8.6% and depend on the age(s) of the annuitant(s). Each annuitant must be at least 55 years old when payments begin. A portion of each payment will be tax-free income. If you fund your CGA with appreciated stock, you will avoid a portion of the capital gain and defer the rest. You can select the CGA that works best for you:

- An immediate payment CGA begins making payments immediately.
- A deferred CGA begins making payments on a future date you select. Deferring your start date can yield a higher rate and larger charitable deduction. A flexible deferred CGA allows you to select a range of future dates on which your payments can begin.

The UVAF is able to offer CGAs to residents of most, but not all, states. Please contact the Alumni Association Development Office to request information and calculations.

CHARITABLE REMAINDER TRUST

A Charitable Remainder Trust (CRT) is created with a gift of stock, cash or real estate and pays you and/or your loved ones' income for life or for a specified number of years you select. At the end of the trust term, the remainder will be used by the UVA Alumni Association for the purposes you specify. Your payments can be fixed or variable:

- A charitable remainder annuity trust (CRAT) provides fixed payments based on a percentage of the trust's initial value.
- A charitable remainder unitrust (CRUT) provides variable payments based on a percentage of the trust's floating annual value.

With a minimum contribution of \$50,000, you can name the Alumni Association to serve as your trustee, and you may select a percentage payout for your trust ranging from 5% to 7%. UVA offers a range of investment options for your trust, including the ability to invest a CRUT alongside UVA's endowment.

LIFE INCOME GIFT BENEFITS

- Provide supplemental income to you and/or your loved ones
- Provide a current income or estate tax deduction
- Convert low-dividend-yielding stock to higher fixed or variable income
- Convert real estate or other illiquid assets into a reliable income stream
- Reduce exposure to market volatility



CORNERSTONE SOCIETY
LEADERS in PHILANTHROPY

The Cornerstone Society recognizes those who are honoring the University's future through planned gifts, including bequests, beneficiary designations, charitable gift annuities, and charitable trusts.

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Bequests & Beneficiary Designations

IF YOU WOULD LIKE TO SUPPORT THE ALUMNI ASSOCIATION but are not comfortable giving away assets that you might need now or in retirement, consider naming the Association as a beneficiary of your will, living trust, retirement account or life insurance policy. Because bequests and beneficiary designations are not binding, you will be able to modify your gift if your circumstances change. Amounts you leave to the Association will pass free of estate tax and, in the case of retirement assets, income tax as well.

Bequests and beneficiary designations provide a wonderful way for alumni and friends of all ages and circumstances to provide support to future UVA students, faculty and programs — often at a level much greater than imagined. You can direct your gift to the Alumni Association program or scholarship that means the most to you, and you can specify the gift purpose — unrestricted support that meets greatest needs or another purpose you select. If you want to restrict your gift to support a particular purpose, please contact the Alumni Association Development Office so that we can review your proposed use and confirm the Association can carry out your wishes as you intend.

BEQUEST FROM YOUR WILL OR LIVING TRUST

You can include a provision in your will or living trust by which you give the Alumni Association a specific amount or asset, or a percentage of your residuary estate.

BENEFICIARY DESIGNATIONS

Retirement Assets | Retirement plan assets often are the most highly-taxed assets in an individual's estate because any plan that was funded with pre-tax dollars will be subject to income tax in the hands of any individual beneficiary who inherits the account. As part of a very large estate, a plan may also be subject to estate tax.

You can eliminate income and estate taxes on any retirement plan assets you give to charity. The Alumni Association will receive the assets free of tax, allowing the full value of your gift to be used for the charitable purposes you choose.

Life Insurance | A life insurance policy provides a relatively inexpensive way to provide continued financial support for loved ones, but when a policy is no longer needed in whole or in part to accomplish its original purpose, the policy can provide a wonderful asset to fund a charitable gift, often in an amount much greater than the total premiums paid.

Bank and Brokerage Accounts | You can designate the Alumni Association as a beneficiary of your bank or brokerage account by using a pay-on-death (POD) or transfer-on-death (TOD) designation.

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HOW TO MAKE A BEQUEST OR BENEFICIARY DESIGNATION

To make a bequest, your attorney can insert a simple provision in your will or trust. The Alumni Association Development Office can provide sample language.

To make a beneficiary designation, you can complete a simple beneficiary designation form provided by your retirement plan administrator, life insurance company or financial institution.



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