DONATING RETIREMENT PLAN ASSETS

IRAs and other qualified retirement plans may constitute a significant portion of your estate, and have long been considered the smartest asset to leave to charities. When left to individuals, they are taxed more heavily than other assets, subject to both estate tax (unless left to a spouse) and income tax when withdrawn by your designated beneficiaries. You can reduce or completely eliminate these taxes by using retirement assets to provide for Northeastern University.

NAMING NORTHEASTERN UNIVERSITY AS BENEFICIARY

The easiest way to provide for Northeastern is to name the university as a beneficiary of assets remaining in your IRA or qualified retirement plan after your lifetime. You can name Northeastern as a beneficiary of the entire plan or of a percentage of the assets, leaving the rest either to other charities or to loved ones. Assets designated directly for Northeastern will pass completely free of estate tax and income tax.

Another option is to name Northeastern as the contingent beneficiary of retirement plan assets. The university would then receive assets only if your primary beneficiary is no longer living at the time of your death.

Your trustee or plan administrator can provide information and forms to update or change beneficiaries.

PROVIDING AN INCOME STREAM TO SURVIVING LOVED ONES

Rather than naming Northeastern as the direct beneficiary of your retirement plan, you can leave retirement plan assets to a testamentary charitable remainder trust that will first provide income to your spouse, a friend, a sibling, a child, or a grandchild for life or a term of years.

After the term of the trust, Northeastern would receive the principal. Income tax would be completely avoided on the transfer of the assets to the trust. Estate tax would be completely avoided if your spouse is the income beneficiary and reduced if others are named as beneficiaries.

QUALIFIED CHARITABLE DISTRIBUTIONS (QCD)

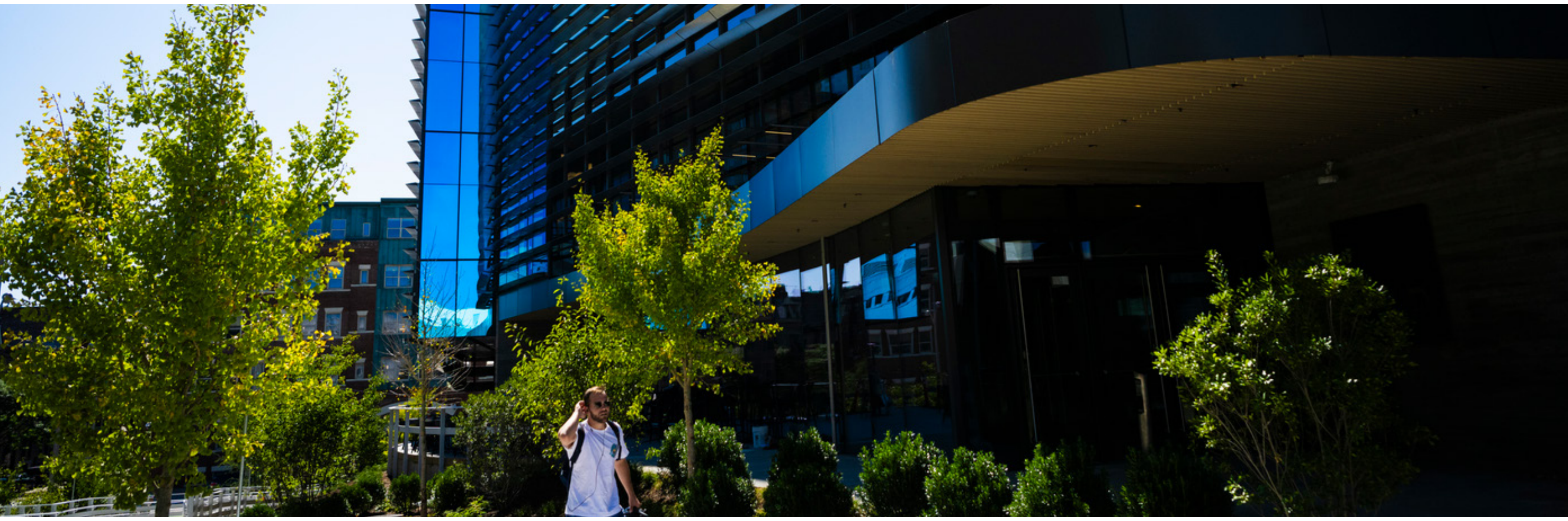
If you are age 70 ½ years or older and own a traditional IRA, you can advise your IRA administrator to transfer up to $105,000* per year from your IRA directly to a charity such as Northeastern without having to pay tax on the distribution. Often referred to as a charitable IRA rollover, this opportunity was made permanent in 2015, and many individuals have found this to be a tax-efficient way to support the university while satisfying their mandatory required distribution.

Specifically designed for traditional IRAs, a QCD is not available from employer-sponsored plans like 401(k), 403(b), or 457(b) plans. However, these types of plans may be rolled into a traditional IRA to take advantage of the QCD provision in the tax code.

*Pursuant to the SECURE 2.0 Act, this amount will be indexed for inflation beginning in 2024.

RECENT LEGISLATION CONCERNING RETIREMENT PLANS

The SECURE Act (Setting Every Community Up for Retirement Enhancement Act) of 2019 significantly



changed the rules regarding the distribution of inherited IRAs. One of the key changes introduced by the SECURE Act was the imposition of a 10-year distribution period for most non-spouse beneficiaries of inherited IRAs. This eliminated what was previously known as the “stretch” IRA that permitted distributions to non-spouse beneficiaries over their lifetimes.

Building on the original SECURE Act, the SECURE 2.0 Act, enacted in December 2022, made further adjustments to retirement savings rules and introduced other provisions aimed at improving retirement security, such as increasing the age for Required Minimum Distributions (RMDs) to 73.

The SECURE 2.0 Act also now allows owners of traditional IRAs, who are 70½ or older, to make a one-time election for a qualified charitable distribution of up to $53,000* from their IRA to fund a life-income gift such as a charitable gift annuity or a charitable remainder trust. Because the donor will receive income for life with this gift, the tax ordinarily owed upon a typical distribution is not avoided; however, it is spread out through the taxable income received in exchange for the gift. This strategy requires careful planning and consultation with your financial advisors. Contact us for more details and a personalized illustration at no obligation.

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THE SPEARE SOCIETY

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The Speare Society was established to honor Northeastern alumni and friends who demonstrate their generosity and commitment to the university through a planned gift. Once you have established your legacy gift, we encourage you to inform us so we can personally thank you and welcome you to the society. Your notification will be treated confidentially if you wish.

*Pursuant to the SECURE 2.0 Act, this amount will be indexed for inflation beginning in 2024.

We welcome the opportunity to work with you to ensure that your gift meets your specific objectives. It is advisable to consult your attorney or financial advisor before finalizing your plans. For more information, explore plannedgiving.northeastern.edu or contact us at:

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Northeastern University
Gift Planning

2024