



Contingent Beneficiary Giving

Some assets require a beneficiary to be designated. These assets include:

- Life Insurance
- IRD Assets (Income in Respect of a Decedent)

Common IRD assets include IRAs and pension plans, the ordinary element within a commercial annuity, stock options, unqualified deferred compensation, the gain in installment notes and the ordinary element within U.S. savings bonds.

While these assets require a beneficiary, it can be prudent to list a contingent beneficiary to receive the assets if the primary beneficiary predeceases the owner. People choose charities for contingent beneficiaries to allow for gifts to their favorite charity in the situation where the donor outlives their beneficiaries. In some instances this can result in a tax deduction for the estate. Consult your accountant or tax attorney for advice on your personal tax situation.

Example: James Jones listed his brother John as the primary beneficiary on a life insurance policy. At the time John had young children, and James was unmarried. He listed Immaculate Conception Parish as contingent beneficiary. John passed away early in retirement, and James never married or changed the beneficiary designation. At his death the entire death benefit went to Immaculate Conception Parish.

Partial Beneficiary

Another popular way of giving is a partial gift. By making the charity a partial beneficiary a portion of the eventual asset is given to charity. This can also be a popular way of writing the charity into the will. The estate may change in size, but a percentage still goes to your favorite charity.

Example: Mary O'Reilly listed her children as equal beneficiaries of 90 percent of her IRA and Sacred Heart Parish as a 10 percent beneficiary. At her death her IRA was worth \$100,000. Her three children received equal shares of \$30,000 each, and \$10,000 went to Sacred Heart Parish tax free.