

## Can an IRA be a Bad Asset?

Turning a Bad Asset into a Good Asset

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The IRA is paid on death as you have directed in your beneficiary designations. However, the IRA proceeds that your beneficiary receives must be reported as ordinary income. The IRA proceeds may even put your heir(s) into a higher marginal income tax bracket.

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If you plan to include gifts for ministries in your estate plan, a wise gift for ministry (and for your heirs as well) would be to give the IRA to ministry. You can leave all or part of the IRA to the Lord's work and help your family reduce taxes. Ministries do not pay income taxes, so ministries will have the full value of the gift. In addition, the gift to ministries will lower any estate taxes that might be due since there will be a charitable deduction for the gifts.

There is also a way that you can use the IRA to provide income to heirs for a period of years and, at the end of the income period, to give the remaining principal to your favorite ministries. Lutheran Planned Giving Services is available to you to discuss this and any other planned giving concept.