CALMING TROUBLED WATERS: GETTING IRA DEATH PROCEEDS IN A TIMELY MANNER

PG CALC WEBINAR

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Presented by:

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I. Introduction and Overview:

U.S. charities face alarming delays and problems when applying for death proceeds as the beneficiary of a deceased donor's IRA. In recent years many, but not all, IRA custodians have caused tremendous hold-ups in paying these death claims based on their particular company's internal policies for what procedures and paperwork are necessary to pay an IRA death claim. It's become a draconian process for charities with no sign of relief. For income (and estate) tax purposes, donors are often shown the exceptional tax benefits of naming a charity as the beneficiary of the IRA. Hence, this charitable gift planning strategy is quite common and will continue to become even more popular as more and more donors name a charity as a beneficiary of their IRAs -- necessitating the need to address this industry wide problem.

This webinar will cover the RIFT (Release IRA Funds Timely) Project:

- The problem defined
- Who, what, when and why this is happening?
- Steps your nonprofit can take today
- National work done toward a permanent solution

II. The Way IRA Death Claims Used to be Processed:

An IRA has an owner and a beneficiary. The owner is normally the person who made the IRA contributions (except established incident to a divorce). The beneficiary can be anyone: a person(s), trust, estate, charity, etc., or any combination thereof. In the old days the death benefit claim process was fairly straightforward. Death claims were paid with a single form—a beneficiary application form— furnished by the IRA administer. The charity obtained it and filled it out. This form requested basic information including the name and taxpayer identification number of the charity. The death certificate was also part of the requested information and sometimes a corporate resolution was also necessary (i.e., the person signing the paperwork has authority to act on behalf of the charity). That was about it. A lump sum death benefit was typically paid to the charity within 60 days of receipt of the completed information.

III. Now Custodians Are Demanding an Inherited IRA:

What's happening now is that some of the IRA custodians have removed the option for the beneficiary to receive a lump sum payment. A beneficiary often cannot get paid from the original donor's IRA. Instead, *all* the beneficiaries (whether a nonprofit or an individual) are required to set up a second account – called an Inherited IRA – aka Stretch IRA or Beneficiary IRA – just so the custodian can transfer the money from the original IRA into this new account. Then the IRA beneficiary (now the owner of the second IRA account) has to ask the custodian to liquidate the 2nd account just to get their money. These IRA custodians are all over the board with different internal policies and procedures as well as what kind of forms are necessary to set up the Inherited IRA. The lack of a nationwide standardized system makes it very frustrating

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for charities because each IRA custodian has its own set of rules and varying paperwork requirements. This second account is either opened with the name of the deceased donor as the owner with a notation "for the benefit" of the charity (using the charity's tax identification number) or opened simply in the name of the charity as the new owner.

To open this second account, the IRA custodian goes through the entire process of opening a brand-new account claiming the charity is now a "new customer." In order to do so, the items the custodians request may be very private and confidential. For example, some custodians are asking for the following information from the charity's officers, staff or board members:

- name,
- home address,
- home phone number,
- Social Security Number,
- driver's license, and
- net worth statement

All this information is demanded while the IRA custodian is completely ignoring or not understanding the fact that the charity itself is the IRA beneficiary (not the individual officers/staff/board members). The IRA custodian should be asking for the nonprofit's tax identification number, not the Social Security Numbers of the officers or board members. It's very uncomfortable for the charity's officers and board members to have to share private information as Americans are constantly reading about data breaches from large corporations and are constantly on guard against identify theft. Here's how one charity described its experience.

> "On multiple occasions, the president of the foundation (paid staff member) has been required to send personal information (social security numbers, home addresses, etc.) because the company that holds the donor's IRA is requiring our organization to open an account with them to transfer the funds into before sending them to us. Additionally, some companies have even asked for personal wealth information, knowledge of stock transactions, and other personal details that are not germane to the process of receiving the donor's gift. They have also asked for information about people who are on our board - which we've not given."

What caused the change in processing death claims? Why would opening a second account make sense? Isn't it more work for the IRA custodians when they know the charity will just liquidate it immediately – or as immediately as the custodian will allow? It's important to realize that most IRA beneficiaries are individuals and not charities. The Internal Revenue Code (prior to The SECURE Act effective for deaths on or before 12/31/2019) allowed individual beneficiaries to "stretch" out the receipt of their IRA death benefit over various periods of time (See Section IV). The benefit of the Stretch IRA was so individual beneficiaries can take a small percentage from the IRA each year (i.e., required minimum distributions for beneficiaries) and leave the rest

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in the account to grow tax deferred for their lifetimes – and also accordingly pay income tax on only the small percentage withdrawn yearly. This mandate to open an Inherited IRA for all types of beneficiaries including charities gives the IRA custodians the chance to make more money by holding on to the IRA money longer, and we understand that's the nature of their business.

However, what is disheartening is that the IRA custodians are not considering the obvious fact that nonprofits will never wish to "stretch" the receipt of their proceeds, but instead will always desire to receive the proceeds as soon as possible to use to fulfill their charitable purpose. That's the nature of nonprofit work. Having all IRA beneficiaries—whether individuals or charities—fall into the same mandated process is a draconian burden on charities and is beyond frustrating. Now with the passage of The SECURE Act, and the tightening of the Stretch IRA rules to generally 10 years, it is a time where these custodians have had to change and update their computer and system requirements to accommodate The SECURE Act changes; it would be efficient if at the same time they would take into account the ability for charities to need different procedures and processes. The changes our industry needs are quite small in comparison to the changes The SECURE act necessitated.

IV. IRA Required Minimum Distribution Rules for all deaths prior to January 1, 2020:

A. This section really sets the stage for the answer to WHY the IRA custodians have been doing what they are doing. Below are the rules showing how long an individual beneficiary could stretch out the receipt of his/her Inherited IRA prior to January 1, 2020. The IRA custodians set up their death claim processes to maximize the amount of dollars staying with the IRA custodian. However, with The SECURE Act limiting a majority of nonspouse beneficiaries to a 10-year stretch, the IRA custodians' ability to keep more assets under management for a longer period of time has come to an end.

B. If the IRA owner died **BEFORE** the Required Beginning Date and named a Designated Beneficiary (DB), the *minimum* distribution options are:
   i. Over the life expectancy of the beneficiary starting in the year following the year of death using a single life expectancy table, or
   ii. The five-year rule (can wait and take it all in the 5th year)

   Without a DB, the minimum distribution period is the five-year rule.

C. If the owner died on or **AFTER** the Required Beginning Date and named a DB, the *minimum* distribution options are the longer of:
   i. life expectancy of the beneficiary, or
   ii. the deceased owner's resurrected remaining life expectancy

   Without a DB, the minimum distribution is based on the deceased owner's resurrected remaining life expectancy.

D. Any beneficiary can always take out more than the minimum at any time.

E. September 30th of the year following the year of the IRA owner's death is when it is determined if there is a DB or not.

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F. Eliminate those who don't want an Inherited IRA by paying them before September 30th of the year following the year of the IRA owner's death.

V. Is The Patriot Act the Problem?

The Patriot Act was signed into law in 2001 – a law implemented to combat terrorism. Some IRA custodians' interpretation of the law is such that the beneficiary opening up the Inherited IRA is creating a "new" account and is therefore in their eyes a brand-new customer. They interpret The Patriot Act to require the custodians to require detailed information of "new customers" (see Section III)—all this under the guise of protecting against terrorism. Incidentally, not one of the custodians has been able to explain which particular section of The Patriot Act really requires this information – but instead they stand behind the non-specific and all too generic response, "The Patriot Act requires it." They're steadfast in demanding this information from a charity – even when it's a national charity that's been around for decades and decades. It just doesn't make any sense that in order for a charity to receive a deceased donor's IRA, a new Inherited IRA must be established; nor does it make sense to require the charity to go through the invasive rules from The Patriot Act. Who really thinks charities like St. Jude Children's Research Hospital, the Smithsonian Institution, or the United Way are on the terrorist watch list? This situation has become ridiculous.

The Financial Crimes Enforcement Network (FinCEN) is a federal government agency which monitors compliance with The Patriot Act. They stated in June of 2019 that a charity is not considered a "new customer" under the guise of The Patriot Act if the charity doesn't maintain the account after the death of the donor. Two points make The Patriot Act inappropriately applied by the custodians:

1) Charities make it clear to the IRA custodian their wish for an immediate lump sum payment before any paperwork is ever completed—hence, clearly indicating their wish to NOT open an Inherited IRA, let alone maintain it, and
2) The only reason there would ever be a second account is because it is demanded by the IRA custodian; it has never been the intention of charities t to become a "new" customer in the first place.

VI. Computer Systems Set Up Incorrectly:

Another common excuse why these IRA custodians won't cut a lump sum check from the original donor's IRA is that they claim their computer systems aren't set up to capture an IRA beneficiary's tax identification/social security number.

"Our computer system won't allow an IRS 1099 to be created from the Donor's IRA. And we can't issue a manual 1099-R."

These IRA custodians often argue their IRS form 1099-R would be generated in the name the estate of the donor if they cut a check on the original donor's IRA. They

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claim only the "second account" can issue a 1099-R to the charity because it is the "owner" of the second account. So, what's the answer? If that is true, the custodians can manually prepare a 1099-R in the name of the charity based from the original donor's IRA. It happens frequently and should be done in each of these cases until their administration systems work more accurately. Charities can feel free to not accept the IRA custodian's argument as a valid reason; as it may be incredibly inaccurate.

Attorney Jonathan Tidd recommends that nonprofits only communicate with the General Counsel of these IRA custodians; the General Counsel typically has the authority to make these types of decisions and they know how to do this. We've not seen success asking for an exception from anyone but the custodian's legal counsel.

Some of the IRA custodians have not been easy to work with. The following are some illustrative IRA custodian responses we've heard while trying to negotiate an exception. As you can see, it has not been easy:

"Every IRA custodian does it this way……."
"We'll never make an exception."
"Just do as we say, and you'll get your money faster than complaining…."
"No, we won't tell you the dollar amount of your death claim."
"We aren't going to compromise."
"Let the death claim sit with us until it goes to a statewide unclaimed property fund, then try to get the money."
"Go see a judge and get a court order if you don't like how we do it."

VII. How Fast Can a Nonprofit Liquidate an Inherited IRA?

The IRA custodian will encourage a charitable beneficiary to quickly open up the Inherited IRA. They may argue if the charity just opens the Inherited IRA, the charity can liquidate the account right away. But, let's see just quickly those accounts are actually being liquidated for charities. It may surprise you what's been happening. Read two different charity's accounts:

> "We've sent three different versions of paperwork, spent time on a number of phone calls, asked for specific help in fulfilling their requirements to send the gifted IRA proceeds, and they still have not sent the money. The gift itself is now in an account with our name and it is a modest amount. But, we've asked for that account to be liquidated but it still has not happened. The company's process and the people have been the issue. I've had a representative apologize and admit that the entire process is difficult. This process has been going on for years for this one gift."

> "I've been working on this one since July, and that's quite a while for an IRA beneficiary distribution. They didn't like our first submission because it had Lisa's signature on the form and Mike's signature on the W-9. Our second submission was incorrect because they forgot to list that there was

> cash in addition to securities. They didn't like the third submission because they wanted Mike to initial by the cash number, and they called yesterday and said the fourth submission had white out on it, so it was invalid."

Charities realize this approach is costing them staff time and expenses to track down these benefits and monitor the labored process. One organization's CFO said,

> "I find this to be an annoying and frustrating step that is clearly designed to make it more difficult for beneficiaries to get their payments. The fact that we have to provide my (and sometimes others') personal information to set up these accounts adds insult to injury. My sense is that all of this paperwork we need to complete takes time away from more productive things that we could be doing instead."

VIII. One Common Link Among all IRA Custodians:

Many different industries offer IRAs to the public: banks, brokerages houses, and insurers can all offer IRAs. Unfortunately, each one of these industries has a different regulatory body. Therefore, suggestions to go to one industry regulator for help with this matter won't help address any issues by the other two industries. But there is one area they all have in common: The Internal Revenue Code. Because IRAs must be administered according to the Internal Revenue Code, having some form of guidance like this from the IRS would alleviate the problem:

> "Upon the death of an IRA holder, when a public charity under IRC 170(b)(1)(a) is a beneficiary of an IRA, the public charity is prohibited from opening an Inherited IRA under IRC Section 408(d)(3)(C)(ii) and the charity-beneficiary must be paid its proceeds within 60 days of death (provided the custodian has received a copy of the IRA holder's death certificate and the charity's tax-identification number)."

There would be no opening up an Inherited IRA, no invoking The Patriot Act, no asking for the personal information, and indeed, it would expedite the payment of the lump sum proceeds. However, a member of the Senate Finance Committee has indicated this solution will be difficult to achieve.

IX. What's getting worse?

Even in other aspects the problems are getting worse.

A. Some of the custodians won't even inform the charity they are even a beneficiary in the first place once they know the donor has died. We know as an industry about one-third of all donors will tell the charity before they die that they've left something for the charity in their estate plans. Well, if the donor wants it to be a secret surprise until their death and the donor dies without telling the charity and the IRA custodians won't tell the charity – then how will this money ever be distributed

to the rightful charity? Clearly this is an area that needs nationwide attention as well.

> *"If you name organizations as beneficiaries, arrange for someone to notify them of your death. We don't contact beneficiaries after the deaths of Vanguard account owners."*
>
> Vanguard website 2/12/2020

B. Further, some custodians will not inform the charity of the dollar amount of the charity's share until the check is actually cut. Why they won't do that remains a mystery. One New York charity, after completing all the intrusive paperwork, received a check for $.10. That's not a typo. All this time and paperwork and the eventual proceeds were 10 cents! Nationwide mandates need to be implemented for charities to have knowledge of the dollar amount of their share *beforehand the paperwork begins.*

C. Additionally, some custodians are requiring a charity (and individuals for that matter) to set up a second account just to get the death proceeds from "after-tax" brokerage accounts including Transfer-On-Death (TOD) accounts.

X. What Can Your Organization Do Now?

Always remember that your organization can set up an Inherited IRA and provide whatever personal financial information your organization wishes to. However, if your organization doesn't want to, push back on a request to open the Inherited IRA. Write to the office of General Counsel at the IRA custodian and ask for an exception to their policy. Use Charles Schultz's sample "Letter A" on page 12 of this paper.

Jonathan Tidd, Esquire— a longtime national legal expert on charitable planning— stated in the past that only individuals can open an Inherited IRA. He cited IRC Section **408(d)(3)(C)(ii) of the Internal Revenue Code**:

> **(ii) Inherited individual retirement account or annuity**
> An individual retirement account or individual retirement annuity shall be treated as inherited if—
> **(I)** the individual for whose benefit the account or annuity is maintained acquired such account by reason of the death of another individual, and
> **(II)** such individual was not the surviving spouse of such other individual.

Jonathan added that the language of this section indicates that the term "inherited individual retirement account" is an IRA acquired by an "individual" which is defined in the Code as a human. Since a charity is not a human, how can a charity establish an Inherited IRA?

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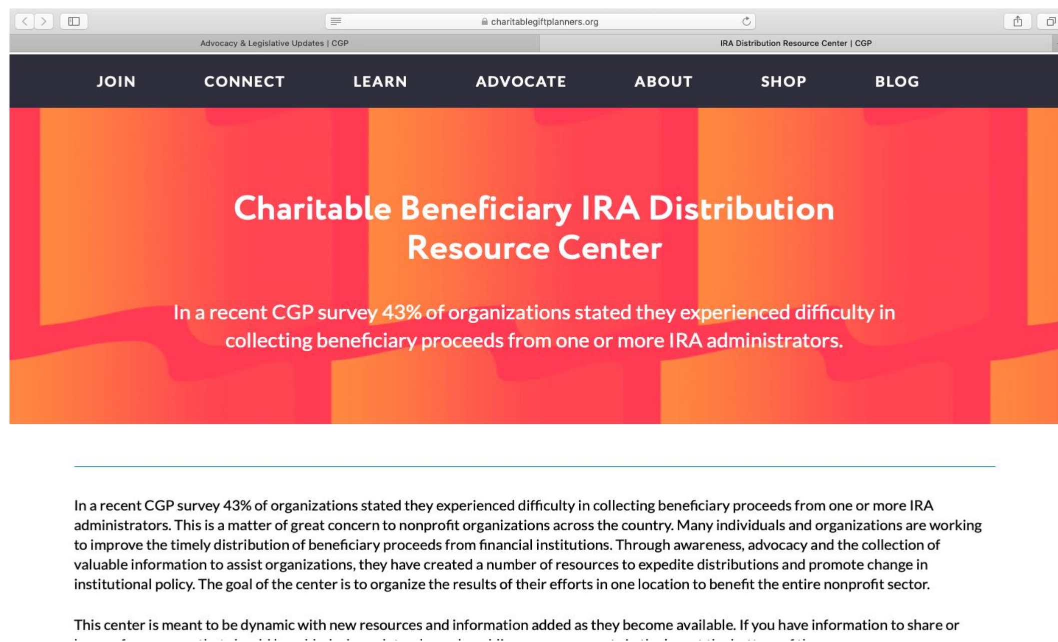
XI. <u>National Efforts:</u>

A. **<u>Senate Finance Committee</u>** –The Senate Finance Committee Chair, Senator Chuck Grassley, has been contacted for help and has been briefed on the situation. Several real-life scenarios were shared with him and well as the onerous requests concerning the personal information of the nonprofit's officers and board members. The Senate Finance Committee assigned an investigator in the spring of 2019 to this issue.

B. **<u>RIFT Database</u>** – One of the RIFT Project's goal was to have one central depository accessible on a complimentary basis for all nonprofits to help expedite their claims. That goal has been fulfilled. See the RIFT database of various IRA custodians and their requirements and contact information. This database is available to the entire planned giving industry and all nonprofits to access freely on the National Association of Charitable Gift Planner's website. The project is a fluid one as the IRA custodians' policies and procedures can and do change frequently.

www.charitablegiftplanners.org/ira-distribution-resource-center



You'll first find several articles written about this situation with IRAs from Jeff Comfort, Charles Schultz, Jeff Lydenberg and me.

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charitablegiftplanners.org
IRA Distribution Resource Center | CGP
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Charity IRA Beneficiaries Navigate Stormy Seas to Safe Harbors, Parts 1&2

BY JEFF COMFORT

Used by Permission of Planned Giving Today

Part 1 | Part 2

How Charities May Collect IRA Beneficiary Designations

BY CHARLES SCHULTZ

Used by Permission of Crescendo Interactive, Inc

Read Now

Collecting IRA Beneficiary Gifts - A Death-Defying Experience

BY JEFF LYDENBERG

Used by Permission of PG Calc

Read Now

RIFT Project Update: How to Eliminate Delays When Requesting IRA Death Proceeds

BY JOHNI HAYS

Read Now

Next you'll find the database listed alphabetically by IRA custodian. Check it out!

PG Calc | Your Partner In Planned Giving Success

charitablegiftplanners.org
Advocacy & Legislative Updates | CGP
IRA Distribution Resource Center | CGP

RIFT (Release IRA Funds Timely) Project

COLLATED BY JOHNI HAYS, JD

The RIFT project is a database of collected materials to assist charitable organizations to effectively file and timely receive IRA beneficiary distributions. Click on the institution you are looking for to access filing information, forms and key contacts.

Disclaimer: Neither the National Association of Charitable Gift Planners or the RIFT Project is responsible for errors in this information. The information is gathered from multiple sources and may change without notification. Should you see data that is incorrect or have knowledge of changes to the information posted, please share that information in the comment section.

Ameriprise
Learn More

BNY Mellon/Pershing
Learn More

Charles Schwab
Learn More

Edward Jones
Learn More

Fidelity
Learn More

LPL Financial, LLC
Learn More

Merrill Lynch

Morgan Stanley

Northern Trust

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As of February 12, 2020, these IRA custodians ***do not*** require an Inherited IRA:

- BNY Mellon
- Merrill Lynch
- Morgan Stanley
- TD Ameritrade
- UBS
- US Bank
- Wells Fargo

The RIFT Project is grateful that these custodians have made provisions to allow nonprofits to receive a lump sum payment on the original IRA.

As of February 12, 2020, these custodians will not require an Inherited IRA, but your organization needs to ***ASK for an exception first***:

- Charles Schwab
- Edward Jones
- Vanguard
- Ameriprise requires an Inherited IRA, but will waive the personal information requirement

As information can change rapidly, for the most up-to-date information, consult the RIFT database in each case.

C. **ACTEC** – Members of the Employee Benefits section of ACTEC are taking up this issue in March of 2020. ACTEC is an esteemed group of top attorneys and has considerable clout when dealing with the IRS and the government. If you know of any ACTEC members, please share your experiences with them.

D. **Fidelity** – NACGP and RIFT are working to schedule a meeting with Fidelity one-on-one to discuss their position and ours.

E. **IRS Private Letter Ruling Request** – Attorney Jonathan Tidd submitted a request for a private letter ruling to the IRS and received their final ruling in 2019. PLR 201943020 was based on one of the major financial institutions in the U.S. – one that has policies to name the charity as the owner of the new IRA.

F. **Litigation?**

XII. Take Action!

- Contact Senator Chuck Grassley – Chair Senate Finance Committee – let him know you appreciate his work to help the charitable community. Tell him more work needs done with several of these custodians. We need to keep this issue in front of him. (Senator@grassley.senate.gov) https://www.grassley.senate.gov/constituents/questions-and-comments

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- Contact your own U.S. senator asking them to get involved and help support the charitable community https://www.senate.gov/senators/How_to_correspond_senators.htm
- Use Charles Schultz' letter A and B – they work!
- Read the articles referenced in Section XII below
- Share those articles with your own legal counsel, your CFO and other leadership
- Provide a written testimonial RIFT can share with the Senate Finance Committee
- Got results? Good or bad -- either way, let RIFT know (johni@ceplan.com)

Charities nationwide have been experiencing extreme roadblocks for far too long when trying to obtain a donor's planned gift of an IRA. If your organization would rather have a single lump-sum then push back against opening a "new" Inherited IRA. It is the opening of a "new" account that could throw your charity into the twilight zone of being a "new customer" requiring staff's personal and confidential information. Stay tuned for further updates with efforts to take action industry-wide to prevent these roadblocks from continuing.

XIII. Additional Resources:

A. Charles Schultz/Crescendo, Letter A and Letter B (see pages 12 and 13)

B. Jonathan Tidd, "Giving or Leaving IRA Assets to Charity...Some Issues and Problems," Trust and Estates magazine, September 21, 2018

C. Jeff Comfort's articles, "Charity IRA Beneficiaries Navigate Stormy Seas to Safe Harbors (Part I and Part II)," Planned Giving Today, June and August 2016 issues

D. Jonathan Tidd's 2017 NCGP paper, "The Take Aways From IRAs – Avoiding Common Pitfalls"; https://charitablegiftplanners.org/education-program-take-aways-iras-%E2%80%93-avoiding-common-pitfalls

E. Jeff Lydenberg's article on PG Calc's website, "Collecting IRA Beneficiary Gifts – A Death Defying Experience," June 15, 2018; https://www.pgcalc.com/support/knowledge-base/pg-calc-featured-articles/collecting-ira-beneficiary-gifts-death-defying

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Charles Schultz Letter A
Letter if IRA Custodian Requires Nonprofit IRA Account

Date

Favorite Charity
123 Oak Street
Chicago, IL 00000

Dear General Counsel:

We have been informed that **Favorite Charity** is a beneficiary of the IRA of **Jane Doe**. The IRA account number is **123-45-678**. We request that you liquidate the funds held for our benefit in the trust account and deliver them by check within 30 days to our organization at this address: **Favorite Charity, Bequest Administrator, 123 Oak Street, Chicago, IL 00000.**

Favorite Charity is not required to open an IRA account with a custodian to receive an IRA distribution. Under Reg. 1.408-2(b), an IRA account must be created "for the exclusive benefit of an individual or his beneficiaries." A charity is a nonprofit corporation and is defined as a "Person" under the IRC, but a charity clearly is not an individual and therefore not permitted to set up a Sec. 408 IRA account. In addition, as custodian you are trustee of an IRA trust under Reg. 1.408-2(b) and required by federal and state law to comply with trustee fiduciary responsibilities. If you fail to make the distribution as required in your contract with the IRA owner, you are potentially in breach of your duty of fiduciary responsibility.

Favorite Charity is not subject to the USA Patriot Act (Pub. L. 107-56). Sec. 326 of the USA Patriot Act requires banks and other custodians to determine that a person opening an account is not on the suspected terrorist list. First, IRC Sec. 408 does not permit a nonprofit to open an IRA account. Therefore, The Patriot Act does not apply to an IRA distribution to charity. Second, we are a U.S. recognized tax-exempt charity and not on a suspected terrorist list.

Finally, IRA custodians may withhold 10% of a distribution to individuals and remit that amount to the Internal Revenue Service. We are tax exempt and elect under IRS Form W-4P to not have tax withheld. Because we are tax exempt, there is no income tax on our IRA distribution and no requirement for withholding on your part. Enclosed is a copy of our IRS tax exemption letter. Our IRS identification number is **00-1234567**. If you are not able to issue a computer-generated IRS Form 1099, we will accept one that is manually produced.

Because we are not permitted to open an IRA account, the USA Patriot Act does not apply to a qualified exempt U.S. charity and withholding is not required, we request that you remit within 30 days the full distribution to the above address. If we are a partial beneficiary of the IRA, we waive and release all rights to divided future interests or odd shares earned after the date of death and request prompt distribution of our IRA proceeds prior to completion of actions by other beneficiaries. If you are unable to distribute our vested IRA funds within 30 days, then, in a manner similar to Sec. 6662(a), we request remittance of the IRA funds and a 20% penalty amount. After the 30-day period, because you are in obvious breach of contract and breach of trustee fiduciary responsibility due to noncompliance with the IRA agreement, we are willing to settle for the IRA funds plus the 20% penalty.

If you feel you are unable to make this prompt distribution as requested, please have your Legal or Compliance Department provide us with your legal basis for holding these funds and not distributing them to us. We remind you again that this is a trust and you are potentially subject to a breach of fiduciary responsibility claim.

Sincerely,

Susan Officer
Vice President, Favorite Charity

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Charles Schultz Letter B
Letter if IRA Custodian Does Not Require Nonprofit IRA Account

Date

Favorite Charity
123 Oak Street
Chicago, IL 00000

Dear General Counsel:

We have been informed that **Favorite Charity** is a beneficiary of the IRA of **Jane Doe.** Your financial institution serves as the IRA custodian. Under Reg. 1.408-2(b), an IRA account must be created "for the exclusive benefit of an individual or his beneficiaries." A charity is a nonprofit corporation and is defined as a "Person" under the IRC, but a charity clearly is not an individual and therefore not permitted to set up a Sec. 408 IRA account. Therefore, we appreciate your organization's decision that our charitable organization will receive our share of the deceased's IRA without the need to open an Inherited IRA.

The IRA account number is **123-45-678**. We request that you liquidate the funds held for our benefit in the trust account and deliver them by check within 30 days to our organization at this address: **Favorite Charity, Bequest Administrator, 123 Oak Street, Chicago, IL 00000.**

While IRA custodians often withhold tax on a distribution to individuals, as a nonprofit we are tax exempt and elect under IRS Form W-4P to not have tax withheld. Because we are tax exempt, there is no income tax on our IRA distribution and no requirement for withholding on your part. Enclosed is a copy of our IRS tax exemption letter. Our IRS identification number is **00-1234567**. If you are not able to issue a computer-generated IRS Form 1099, we will accept one that is a manually produced. If we are a partial beneficiary of the IRA, we waive and release all rights to divided future interests or odd shares earned after the date of death and request prompt distribution of our IRA proceeds prior to completion of actions by other beneficiaries.

If you feel you are unable to make this prompt distribution as requested, please have your Legal or Compliance Department provide us with your legal basis for holding these funds and not distributing them to us. We remind you that this is a trust and you are potentially subject to a breach of fiduciary responsibility claim if you do not comply with the terms of the IRA agreement.

Sincerely,

Susan Officer
Vice President, Favorite Charity

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