



CHARTED GIVING PLANS



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Charting Your Course

Many people enjoy making gifts in support of one or more charitable interests. Over time, many ways of making gifts have been created that allow you to give while also meeting a number of personal planning goals.

Seven of the most popular ways to structure gifts are described on the following page. The chart at right provides a summary of the benefits of these plans in a convenient format that allows for comparisons that can be helpful in determining which may be the best vehicle for use under particular circumstances.

These plans may be used to help provide for personal needs and those of loved ones while also giving current, capital and/or endowment support for one or more charitable recipients.

A number of the gifts can be completed using plans that may already be in place for other purposes. Other gifts can result from plans especially tailored in ways that provide income and other benefits while helping minimize income, capital gains, estate and gift taxes.

Each donor's circumstances are different and tax and other financial benefits may vary over time. Check for the most recent state and federal laws and regulations before completing a particular gift.

Types of Giving Plans	Income Payment Basis	Income Beneficiary	Taxation of Income	Income Tax Deduction for Gift	Final Disposition of Funds	Funds Returnable to the Donor	Basis for Finding Deductible Value of Gift	Advantages to Donor	Value to Charitable Interest
1. Gifts by Will	Donor retains all income & access to property, as nothing is transferred during lifetime	Donor enjoys all income and property rights for life	All income from assets taxed to donor	No deduction because gift is not completed during lifetime	At death, assets that are left via Will are transferred to charitable recipient(s)	Donor retains all income and access to property, as nothing is transferred during lifetime	Fair market value of assets is deductible for purposes of the estate tax liability if applicable	1. Donor controls property during lifetime 2. Gift can be specific amount, specific asset, percentage of estate, or all or a portion of residue of estate	Assets given via will provisions transferred to charitable recipient at death of donor and other beneficiary(ies) where applicable
2. Charitable Remainder Annuity Trust	Percent of initial net fair market value	Donor and/or others named in the trust agreement	Income is reported in the same manner as it is earned in the trust, in the following order: First- any ordinary income. Second- any capital gains income. Third- any other income (tax-exempt). Fourth- any tax-free distribution of principal	A portion of the value amount transferred, calculated according to government tables	The property remaining in the trust at its termination goes to charity	Annual payment of a fixed dollar amount equaling at least 5% and no more than 50% of initial fair market value of the trust, determined annually	1. Cash- face value 2. Securities- average of the high and low of market value on date of transfer 3. Other Property- Special rules apply. Appraisal may be required	1. Initial income tax deduction 2. Bypasses capital gains tax at the time the trust is created 3. Possible federal estate tax savings 4. Income may be taxed favorably at lower capital gains rates or as tax-exempt income or return of principal	Charity receives assets of trust at the expiration of the term of the trust
3. Charitable Remainder Unitrust	Percent of net fair market value (valued annually)								
4. Gift Annuity Agreement	Based on rates prepared by a qualified actuary. Rates are higher for older people	One or two people may be named in the agreement	A portion is reportable as ordinary income or capital gains by beneficiary. Balance is tax-free for the life expectancy of the annuitant(s)	The difference between the fair market value of the initial gift amount and the actuarial value of the annuity	Amount not required to make annuity payments is used for charitable purposes	Annuity payments only	1. Cash- face value 2. Securities- average of the high and low of market value on date of transfer 3. Other Property- Special rules apply. Appraisal may be required	1. Initial income tax deduction 2. All or a percentage of account can be left to charity. 3. Eliminated income tax otherwise assessed to heirs upon receipt. 4. Possible estate tax savings	Amount not required to make annuity payments is used for charitable purposes.
5. Retirement Plans	Donor retains all income and access to property, as nothing is transferred during lifetime	Plan holder or others named as beneficiary	Taxed to recipient	No deduction because gift is not completed during lifetime	The property passes at death to designated beneficiaries or charities named	Not applicable	Fair market value of assets is deductible for purposes of the estate tax liability if applicable	1. Possible estate and gift tax savings 2. Income tax deductions may be possible for value of payments made to charity 3. Assets eventually returned to donor or loved ones	Accounts, or a percentage thereof, transferred to charitable recipient upon the donor's death
6. Charitable Lead Trust	Fixed or variable payments to charity	Qualified charity	Annual income is tax-free to the extent it is paid to charity. Donor or trust may be taxable under certain circumstances.	Donor enjoys gift or estate tax deduction but will generally not receive an income tax deduction	Returned to donor or transferred to heirs as provided in trust agreement	Principal, in most cases, is transferred to donor's heirs at end of trust term. Donor may have property returned if trust is structured accordingly.	Estate or gift tax deduction for the value of the charitable interest	1. Possible estate and gift tax savings. 2. Income tax deductions may be possible for value of payments made to charity. 3. Assets eventually returned to donor or loved ones.	Recipient of payments from the trust. May in some cases be beneficiary at death.
7. Revocable Living Trust	All or a portion of the net income, according to the wishes of the donor	Donor and/or others named in the trust agreement. Income can be paid to charitable recipient for a period of time, if desired	Reportable by donor unless trust assets are invested in tax-exempt securities. Any income given to charitable recipient is deductible.	No deduction when trust is created	As provided in trust agreement. May be distributed to charitable or non-charitable entities, as specified by donor	The assets of the trust are returned to the donor if and when requested	No deduction for revocable trust during lifetime. Deduction for estate tax purposes for amounts passing to charity at death	1. Supervision of investment management 2. Trust assets returned upon request 3. Possible savings in estate taxes	Charity receives all or a portion of the trust assets at death or other period of time determined by the donor.

The plans described in this publication have been carefully designed to help those who are charitably inclined make meaningful gifts while also addressing other important financial concerns.

The chart on the previous page of this publication covers seven plans that can help achieve charitable goals while providing important benefits for donors and/or their loved ones.

These plans are often included as one or more of the building blocks of an effective financial and estate plan. Through their use, it may be possible to increase income from property and/or arrange for management of assets. At the same time, income, capital gains, estate and gift taxes may be reduced or eliminated, all while completing a substantial charitable gift.

Types of Giving Plans

The planning tools described below are outlined in more detail on the following pages. These plans can be used individually or in combination to help you make charitable gifts while you achieve other important financial and estate planning goals.

1. Gifts by Will

Cash, securities, real estate or personal property can all be given to charity through a well-planned will.

A gift by will can be in the form of a specific property or sum of money, a percentage of one's estate or all or a portion of what remains after providing for loved ones. Such gifts can be made on an unrestricted basis, which ensures that amounts received will be used where most needed.

Gifts through a will may be designated for a specific program or purpose within the scope of our mission, if desired.

When making provisions by will, it is important to use a charitable recipient's correct legal name and address. Please contact us for specific information.

2. Charitable Remainder Annuity Trust

3. Charitable Remainder Unitrust

Both of these plans are irrevocable trusts that feature income based on the value of the property donated. The annuity trust pays a fixed income based on the value of assets at the time the trust is created, while the unitrust provides a fluctuating income based on a fixed percentage of the trust's annual value.

When the trust is created, capital gains tax can be avoided or postponed, and an income tax deduction is available for a portion of the value of the property. In addition, capital gain and/or dividend income from the charitable remainder trust

may be taxed more favorably than other income. Gifts made in this manner may result in estate tax savings as well.

4. Gift Annuity Agreement

Through a charitable gift annuity, one can make a gift while receiving fixed annual payments for life. Payment rates are based on the age(s) of payment recipient(s) when the gift is completed. Rates are generally higher for older people.

An income tax deduction is allowed for a portion of the amount transferred. For a period based on life expectancy, only part of the payments will be taxed as income. If stocks or other property that have risen in value are given for a gift annuity that pays income to you and/or your spouse, a portion of the capital gain is never taxed and the remainder may be gradually reported over a period of time. If you and/or your spouse are the only payment beneficiaries, the amount used to fund a gift annuity is generally not subject to estate taxes that might otherwise be due.

5. Retirement Plans

Whether it's an employer-sponsored retirement plan, a private fund such as an Individual Retirement Account (IRA) or a combination of the two, you can generally designate a charity as the final beneficiary of any remaining retirement plan funds you or your loved ones do not use.

This gift can be designated when participation in a plan begins, or it can be added later. The plan administrator will provide a change of beneficiary form upon request, and you can indicate the portion you wish to allocate to charity. Giving in this way can often help maximize estate and income tax savings for your heirs.

Special tax benefits are available to people aged 70.5 or older who wish to make charitable gifts directly from an IRA. Check with your administrator or tax advisor for more information.

6. Charitable Lead Trust

A charitable lead trust can be created to provide income for charitable purposes for a designated period of time-typically 10 to 20 years or longer. Through the use of this plan, it can be possible to transfer assets to heirs while reducing or eliminating gift or estate taxes that might otherwise be due.

7. Revocable Living Trust

Just as in the case of a gift by will, using a revocable living trust you can provide for eventual charitable gifts while knowing that all or part of the assets in the trust are available during your lifetime.

Since access to the trust property is retained, there are no current tax advantages. Because the property passes to charity under the terms of the trust agreement rather than by will, it will generally not be subject to the possible delays and expense of probate.

Gifts of Appreciated Securities

While most charitable gifts are made in the form of cash, important advantage can be possible when gift. are made using other appropriate property that has increased in value. When stocks, bonds, mutual funds, real estate and other appreciated assets are sold, tax is due on any capital gain.

Those who enjoy making charitable gifts are often pleased to learn that when appreciated property that has been held long-term (more than 12 months) is given, an income tax deduction is generally allowed based on the current value of the property rather than its cost. It is usually best to donate property that would be subject to the highest amount of tax if sold.

The combined benefits of bypassing tax on the capital gain, receiving an income tax deduction and making a charitable gift can be substantial.

Increasing Retirement Income

Many of the plans described here can be welcome additions to retirement plans. Assets that have increased in value but yield little income can be used to fund a charitable gift plan that features income benefits.

The payments received from the gift plans described here will generally be based on the full value of donated property, not just what would be left after payment of the tax on gain if the property were sold.

Tax savings will also be enjoyed from the deduction available when the plan was created.

Benefits of Planning

As you can see, through careful planning of charitable gifts, it can be possible to meet multiple goals. By choosing the best property to fund gifts, their timing and the methods used to complete them, you can make larger gifts while minimizing or eliminating federal estate and gift taxes that might otherwise be due. This can be accomplished while preserving, or even enhancing, your financial well-being.

This information is intended as an initial guide to the gift planning process. More information is available on request.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal documents. Tax deductions vary based on applicable federal rates, which can change. Some opportunities may not be available in all states.