

PLANNED GIVING 101



Planned gifts are charitable gifts made with intentional planning for the future for you, your heirs, and the causes you hold dear. This is not meant to replace the advice of your own professional advisors, but as information to help you know some of the options you may have for maximizing your gifts. We recommend you visit with your own professional advisors on what may be best for your circumstances.

Options for maximizing your gifts

- 1 IRA Qualified Charitable Distribution/Charitable Rollover.** The IRA Qualified Charitable Distribution (QCD or charitable rollover) allows people 70 ½ and older to make direct transfers from their IRA of up to \$105,000 per year to qualified charities. You do not have to count the amount of the transfers as income for federal income tax purposes, and the transfers can serve as the required minimum distribution (RMD). Transfers must come from your IRA directly to the charity.
- 2 Beneficiary Designation.** The easiest of all planned gifts, you can name a charity as a beneficiary and the asset is transferred to the charity at the end of your lifetime. This gift does not require hiring an attorney—designations are easily made (usually online through your account portal) and can be changed at any time. You can designate all or a portion of the account as well. Beneficiary designations can be made from retirement accounts, IRAs, insurance policies, bank accounts, and even investment accounts.
- 3 Retirement Accounts.** At death, retirement accounts transfer income tax-free to a charity, whereas when gifting to heirs, the heirs will pay income tax at their current rate. Many people choose to gift to heirs through other non-taxable assets and allocate their charitable estate gifts to transfer to charity straight from their retirement accounts.
- 4 Will or Trust Bequest.** This gift is made through your will or trust and can name an asset, a dollar amount, or a percentage of the assets/estate. You will designate this type of gift through documents drafted by your attorney. A will or trust bequest can be changed later if you wish. Some assets that have beneficiary designations may not be controlled by your will or trust, so take this into consideration when looking at the big picture.

PLANNED GIVING 101



continued

- 5 Life Insurance.** Life insurance can make a great gift by adding a charity as a beneficiary or by gifting or transferring ownership of a policy to a charity, thereby achieving a charitable deduction during your lifetime. Life insurance may transfer income and estate tax-free to your heirs when under state and federal exemption levels. Life insurance can also be used to replace the value of a gifted retirement account to charity, eliminating the income tax liability to your heirs.
- 6 Charitable Gift Annuity.** A charitable gift annuity involves a contract between you and your favorite charity (or you and a third-party administrator acting on behalf of your favorite charity) in which you transfer cash or property to the charity or the administrator in exchange for a partial tax deduction and a lifetime stream of annual income for you or a loved one.
- 7 Charitable Remainder Trust.** A charitable remainder trust pays income to you or a loved one for life or a term of years, after which the remainder in the trust is distributed to the charity (or charities) of your choice. A CRT is a tax-exempt trust that can sell the property without paying tax and can invest the proceeds to pay you or a loved one annual income.
- 8 Gift of Property/Real Estate.** You can transfer your property to a charity or foundation, and they will sell the asset. You avoid realizing all capital gains, and the charity receives the full value of the sale for their mission. You can also do a *partial gift/partial sale* where you gift an undivided percentage interest in the property to the charity and avoid capital gains on that portion of the property.
- 9 Life Estate Reserved.** You can also gift property and retain the use of it during your lifetime as a *life estate reserved* gift. You get a deduction based on your life expectancy, the value of the property, and the current Applicable Federal Rate.