

## Review regularly

It is important to review and update your will, revocable living trust and other documents, like beneficiary designations for retirement plans and life insurance, from time to time. Revisions may be needed as a result of:

- Change in marital status.
- Birth of a child or grandchild.
- A child or grandchild reaching adulthood.
- Changes in the value of your assets.
- Acquisition of new assets by gift or inheritance.
- Giving away or selling assets with beneficiary designations.
- Death of a beneficiary.
- Changes in the needs of your beneficiaries.
- Your decision to make additional bequests, such as to a favorite charity.

## An important detail

Charities may sometimes share the same or very similar names, and they may possibly be in the same city or state. When including a charity in your estate plan, it is important to correctly identify the intended recipient. We are happy to provide our correct legal name, our street address, tax ID and any other information you or your advisors may require.

## Ways to structure gifts

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

**Charitable remainder annuity trust & Charitable remainder unitrust**—Both of these plans are irrevocable trusts that feature income based on the value of the property donated.

**Gift annuity**—You can make a gift while receiving fixed annual payments for life.

**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.

**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.

**Revocable living trust**—Just as in the case of a gift by will, through the use of 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.

**Appreciated property**—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.

## Charting your course

Many people enjoy making charitable gifts while also meeting a number of personal planning goals.

Seven of the most popular gifts are described on the inside. These plans have been carefully designed to address important financial concerns and are often included as one or more of the building blocks of an effective financial and estate plan.

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

## Coordinating your plans

You may find that one or more of these ways to give will help you meet long-term charitable goals while first providing for your own needs and those of your loved ones.

Check with your tax advisor about the amount and timing of your charitable gifts to determine what would be best for you. They can provide advice under the laws in effect at the time of your gift.



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# CHARTED GIVING PLANS



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Logos can be full color.

## Types of giving plans

### 1 Income payment basis

### 2 Income beneficiary

### 3 Taxation of income

### 4 Income tax deduction for gift

### 5 Final disposition of funds

### 6 Funds returnable to donor

### 7 Basis for finding deductible value of gift

### 8 Advantages to donor

### 9 Value to charitable interest

#### A Gifts by will

Donor retains all income and access to property, as nothing is transferred during lifetime.

Donor enjoys all income and other 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 estate tax liability if applicable.

1. Donor controls property during lifetime.
2. Gift can be specific amount, specific assets, percentage of estate, or all or a portion of residue of estate.
3. Estate tax savings may apply.

Assets given via will provisions transferred to charitable recipient at death of donor and other beneficiary(ies) where applicable.

#### B 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 of 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 net fair market value of the trust when it was created.

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 gain rates or as tax-exempt income or return of principal.

Charity receives assets of trust at the expiration of the term of the trust.

#### C Charitable remainder unitrust

Percent of net fair market value (valued annually).

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.

Annual payment equal to at least 5% and no more than 50% of the net 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. Payments partially free of tax for period of time.
3. Donor reports capital gains over life expectancy at what may be lower tax rates.

Amount not required to make annuity payments is used for charitable purposes.

#### E 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.

Donor retains access to funds during life and may be required to take age-based distributions.

Fair market value of assets is deductible for purposes of estate tax liability if applicable.

1. Donor retains access to property during lifetime.
2. All or a percentage of account can be left to charity.
3. Eliminates income tax otherwise assessed to heirs upon receipt.
4. Possible estate tax savings.

Accounts, or a percentage thereof, transferred to charitable recipient upon the donor's death.

#### F Charitable lead trust

Usually, fixed or variable payments to charity.

Qualified charity unless a grantor trust.

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.

#### G 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 from donor's federal income taxes.

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 and settlement costs.

Charity receives all or a portion of the trust assets at death or other period of time determined by the donor. Amounts are totally at donor's discretion.

\*Special charitable IRA provision allows direct distributions of up to \$111,000 this year by those aged 70½ or older to qualified charities. Also available is a special one-time special election of \$55,000 to fund an immediate payment gift annuity or charitable trust. Certain restrictions apply.