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 reverse side.

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.

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 document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states.

Types of Giving Plans	1 Income Payment Basis	2
A Gifts by Will	Donor retains all income and access to property, as nothing is transferred during lifetime.	Dono other
B Charitable Remainder Annuity Trust	Percent of initial net fair market value	Donor in the
C Charitable Remainder Unitrust	Percent of net fair market value (valued annually)	
D Gift Annuity Agreement	Based on rates prepared by a qualified actuary. Rates are higher for older people.	One o name
E Retirement Plans	Donor retains all income and access to property, as nothing is transferred during lifetime.	Plan h as be
F Charitable Lead Trust	Fixed or variable payments to charity	Qualif
G Revocable Living Trust	All or a portion of the net income, according to the wishes of the donor	Dono the tru can b recipi if desi

Income Beneficiary	3 Taxation of Income	4 Income Tax Deduction for Gift	5 Final Disposition of Funds
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).
and/or others named 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.
r two people may be d 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.
iolder or others named neficiary	Taxed to recipient	No deduction because gift is not completed during lifetime.	The property passes at death to designated beneficiaries or charities named.
ied 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
and/or others named in ıst agreement. Income paid to charitable ent for a period of time, red	Reportable by donor unless trust assets are invested in tax-exempt securities. Any income given to charitable recipient is deductible from	No deduction when trust is created	As provided in trust agreement. May be distributed to charitable or non-charitable entities, as specified by donor.

6 Funds Returnable to Donor	7 Basis for Finding Deductible Value of Gift	8 Advantages to Donor	9 Value to Charitable Interest
)onor retains all income and ıccess to property, as nothing š 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
๋nnual payment of a fixed lollar amount equaling at least ;% and no more than 50% of nitial net fair market value of he trust when it was created. Annual payment equal to at east 5% and no more than ;0% of the net fair market /alue of the trust, determined ınnually.	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.
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. 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.
Not applicable	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
Principal, in most cases, is ransferred to donor's heirs at ənd of trust term. Donor may ıave property returned if trust s 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
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	Charity receives all or a portion of the trust assets at death or other period of time determined by the donor. Amounts are totally

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 reverse side 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 reverse side. 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.

A. 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.

B. Charitable remainder annuity trust
C. 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.

D. 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 of time 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.

E. 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 at a later date. 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 70½ or older who wish to make charitable gifts directly from an IRA. Check with your administrator or tax advisor for more information.

F. 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.

G. 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.

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 property

While most charitable gifts are made in the form of cash, important advantages can be possible when gifts 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.

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