



CHARITABLE GIVING

By Pamela Fleener, Vice President & Senior Trust Officer

“The desire to promote the welfare of others through donations to good causes.”

Charitable giving can be an important part of your overall estate plan. It is a means to allow you to make a statement about your personal values and can give you great satisfaction of knowing you are leaving a legacy to benefit future generations.

A bequest is one of the easiest gifts to make. With the help of an attorney, you can include language in your will or trust specifying a gift to be made to a charity or multiple charities as part of your estate plan.

There are several different ways you can make a bequest:

- Gift a percentage of your estate. This type of gift ensures that both your heirs and favorite charitable organizations receive specific shares of your estate.
- Gift a specific dollar amount. This gift is usually a specifically set dollar amount. However, be aware that if the value of your estate decreases, this may impact how the rest of your intentions for your estate are fulfilled.
- Gift a specific asset. This is called an in-kind gift and is usually in the form of a certain asset such as stocks, a piece of real estate or real property. These types of gifts can provide a personal, lasting legacy to the Donee organization.
- Gift from the balance or “residue” of your estate. These gifts are those of any assets remaining after all other specific bequests, estate taxes, administration expenses and final debts are paid. These gifts are made after all other specific bequests have been given.

Making a Bequest of Your Retirement Assets – You can give retirement assets, such as an IRA account, to a charitable organization. By designating a charity as the beneficiary of all or part of your IRA, the full value of the gift is transferred **tax-free** to the charity at your death and your estate receives an estate tax charitable deduction.

Making a Gift of Highly Appreciated Assets -You may be concerned about the high cost of capital gains tax upon the sale of your appreciated property. Or perhaps you recently sold property and are looking for a way to save on taxes this year and plan for retirement. A charitable remainder trust might offer the solutions you need.

Charitable Remainder Trust (CRT)

This type of trust enables you to make a gift to a charity without reducing either your personal income or the financial security you want to provide for your family. The CRT provides a regular income for one or more beneficiaries, including yourself, for a term of years or for life, making this gift planning arrangement ideal for donors desiring to secure the future of their loved ones along with leaving a legacy to their favorite charity.

Assets that are gifted to a CRT creates an excellent way to gift highly appreciated property. The property can be sold by the Donee organization with no capital gains tax consequences to the Donor.

There are two kinds of charitable remainder trusts: The charitable remainder annuity trust (CRAT) and the charitable remainder unitrust (CRUT). The main difference between these two trusts is the payout to the income beneficiaries. The CRAT produces an annual fixed income that is a percentage of the value of the gifted assets at the time the trust is created and funded. Under the unitrust arrangement, the trust assets are revalued each year and a specified percentage of the value is paid to the donor or beneficiary, so the payout can fluctuate.