



## Planned Giving Options

Last edited October 2022 by Andy Krafft, FFC Treasurer 2019-2022

# PLANNING GIVING OPPORTUNITIES

Charitable Bequest

Beneficiary Designations

Donor-Advised Fund

Private Foundation

Charitable Remainder Trust (CRT)

Charitable Lead Trust (CLT)

# CHARITABLE BEQUEST

## WHAT IS IT?

- Naming charity as a beneficiary under your Will or Trust
- Can specify specific dollar amount or percentage/fraction of assets
- Allows for splitting estate among multiple charities
- May dictate restricted (or unrestricted) purpose
- Option to describe what happens if charity dissolves

## HOW DO YOU DO IT?

- Talk with your attorney to update Will and/or Trust documents
- Can include in new Will or make simple amendment to existing Will
- Very common addition to estate documents

## WHAT IS THE COST?

- Only the cost to update estate documents (attorney fees vary)
- No cash outflow to charity while living

## WHAT IS THE BENEFIT?

- Charitable intentions pre-determined
- Not left to family/probate court to decide

# BENEFICIARY DESIGNATION: LIFE INSURANCE POLICY

## WHAT IS IT?

- Designated charity receives the proceeds from your life insurance policy when you die
- May designate only a portion of proceeds go to charity

## HOW DO YOU DO IT?

- Name Families Forward Charlotte as the beneficiary of your life insurance policy
- Continue to pay the premiums (as you normally would)

## WHAT IS THE COST?

- No additional cost

## WHAT IS THE BENEFIT?

- Insurance proceeds would not be included in estate for estate tax purposes
- Opportunity to make large gift without impacting current cash flows

# BENEFICIARY DESIGNATION: RETIREMENT ACCOUNTS

## WHAT IS IT?

- Designated charity receives proceeds from your retirement accounts (401k, IRA, etc.) when you die
- May designate only a portion of proceeds go to charity

## HOW DO YOU DO IT?

- Name Families Forward Charlotte as the beneficiary of your retirement accounts
- Normally you can do this online

## WHAT IS THE COST?

- No additional cost

## WHAT IS THE BENEFIT?

- Account proceeds would not be included in estate for estate tax purposes
- Opportunity to make large gift without impacting current cash flows

# DONOR-ADVISED FUND (DAF)

## WHAT IS IT?

- An investment account created for the sole purpose of supporting charitable organizations
- Donor contributes to the Donor-Advised Fund and gets an immediate charitable tax deduction
- The funds may grow tax-free, then distributed to a designated charity (now or later)
- Account closes upon death of owner

## HOW DO YOU DO IT?

- Establish a Donor-Advised Fund at a financial institution, such as Schwab Charitable or Vanguard Charitable
- Make contributions to the Donor-Advised fund
- Take a tax deduction for the year in which you made the contribution
- Recommend grant(s) to approved 501c(3) charitable organizations

## WHAT IS THE COST?

- Most institutions charge a small administrative fee (Schwab = 0.6% of account balance, annually)

## WHAT IS THE BENEFIT?

- Immediate tax deduction in year you contribute
- Can donate appreciated securities (like stock, bonds, and mutual funds)

# PRIVATE FOUNDATION

## WHAT IS IT?

- A non-profit entity created for the purpose of fulfilling charitable intentions
- Donor contributes to the Private Foundation and gets an immediate charitable tax deduction
- The funds may grow tax-free, then distributed to another non-profit, individuals, programs, etc.
- Can contribute more than liquid assets (e.g. real estate)
- May exist in perpetuity, even after owner dies

## HOW DO YOU DO IT?

- Establish the entity through filing for tax-exempt status and other administrative documents
- Establish Board of Directors (and Policies & Procedures)
- Could cost several thousand

## WHAT IS THE COST?

- Initial start-up expenses could be thousands in legal fees.
- Ongoing operating expenses (potentially third-party admin fees)

## WHAT IS THE BENEFIT?

- Immediate tax deduction in year you contribute
- Can donate a variety of assets
- Can donate to more than other charities (i.e. Grants to Individuals, Scholarships, etc.)

# CHARITABLE REMAINDER TRUST (CRT)

## WHAT IS IT?

- Irrevocable trust that generates an income stream for the donor, with the remainder of the donated assets going to charity
- Charitable Remainder Annuity Trust (CRAT) vs. Charitable Remainder Unitrust (CRUT)

## HOW DO YOU DO IT?

- Talk with an estate planning attorney to draft trust documents
- Establish a trust account at a financial institution
- Hire CPA, investment manager, administrator, etc. to handle trust management
- Make irrevocable contribution to the trust and take tax deduction

## WHAT IS THE COST?

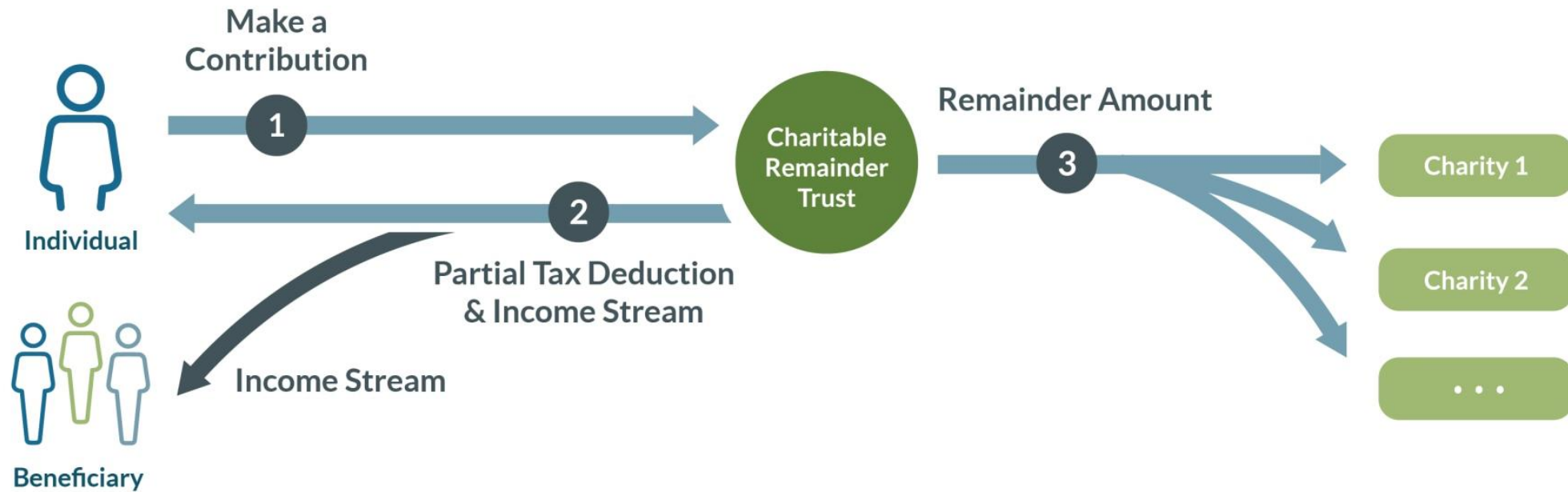
- One-time setup charges: \$3,000 - \$8,000
- Ongoing Management/Admin Fees: 0.75% - 1.25%
- Ongoing Legal/CPA Fees: Varies

## WHAT IS THE BENEFIT?

- Immediate tax deduction in year you contribute
- Removes assets from estate for estate tax purposes
- Allows for donor to continue to receive income stream from those assets



# CHARITABLE REMAINDER TRUST (CRT)



# CHARITABLE LEAD TRUST (CRT)

## WHAT IS IT?

- Irrevocable trust designed to provide financial support to one or more charities for a period of time, with the remaining assets eventually going to non-charitable beneficiaries (i.e. family).
- Charitable Lead Annuity Trust (CLAT) vs. Charitable Lead Unitrust (CLUT)

## HOW DO YOU DO IT?

- Talk with an estate planning attorney to draft trust documents
- Establish a trust account at a financial institution
- Hire CPA, investment manager, administrator, etc. to handle trust management
- Make irrevocable contribution to the trust and take tax deduction

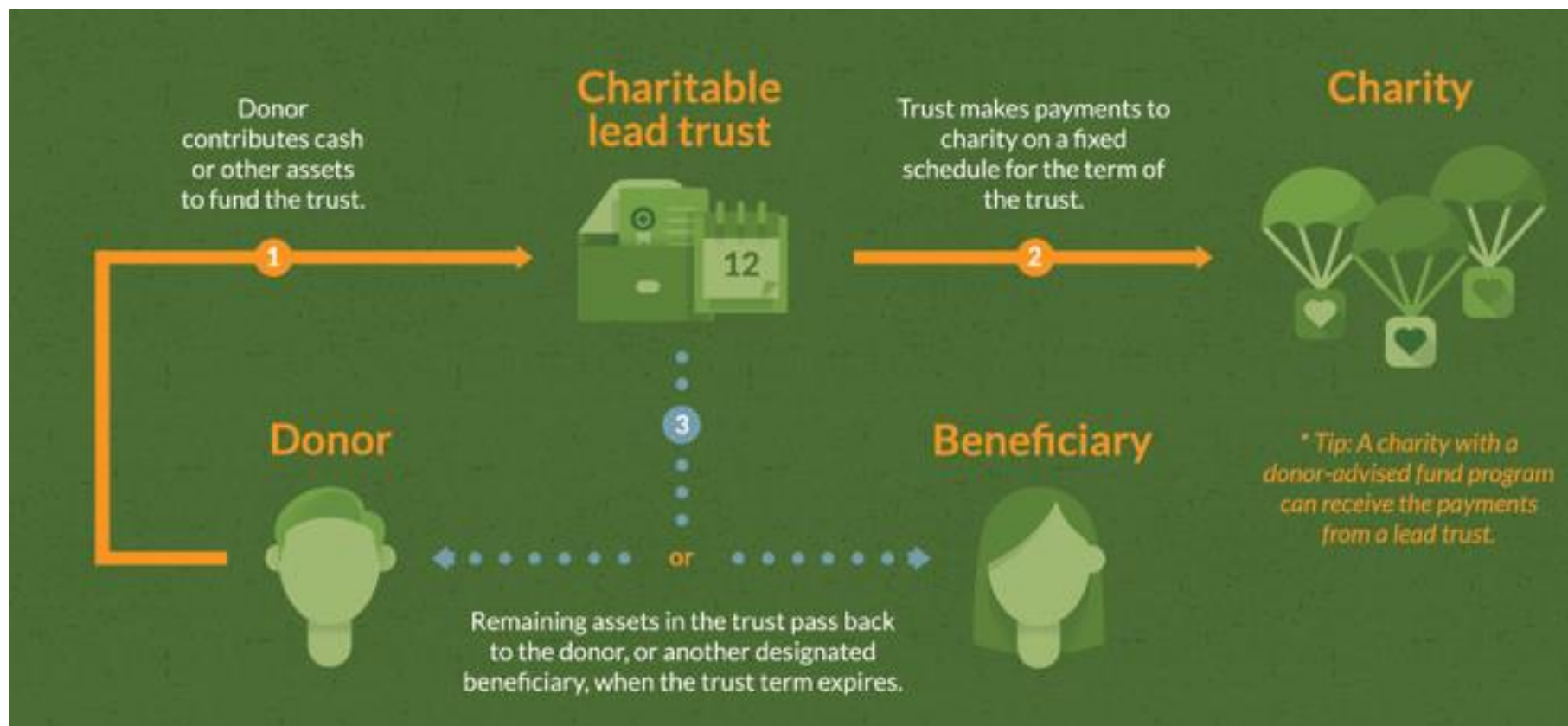
## WHAT IS THE COST?

- One-time setup charges: \$3,000 - \$8,000
- Ongoing Management/Admin Fees: 0.75% - 1.25%
- Ongoing Legal/CPA Fees: Varies

## WHAT IS THE BENEFIT?

- Depending on how it's structured, donor may receive immediate tax deduction,
- OR remove the assets from the donor's estate (lowering gift or estate taxes)
- Allows donor to contribute to charity while leaving remainder to loved one

# CHARITABLE LEAD TRUST (CRT)



# We can help!

If you are interested in discussing your giving plans, we invite you to contact the Executive Director of Families Forward Charlotte, Carrie Christian, to schedule a meeting at your convenience.

[carrie@familiesforwardclt.org](mailto:carrie@familiesforwardclt.org) or 704-659-1833