

Goals and Charitable Giving

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Prepared for:

Matching Donor Goals with Charitable Gifts:

There are a variety of charitable giving techniques that can be matched with the donor's goals in making the gift. These include:

Charitable Planning Goal	Charitable Giving Technique	The Outcome
A quick and easy gift	An outright gift of cash, securities or personal property	Income tax deduction and possible avoidance of capital gains taxation
A large gift with little cost	Name a charity as owner and beneficiary of a life insurance policy	Current income tax deduction equal to value of policy; possible future deductions for premiums
Avoid capital gains tax on the sale of an appreciated asset	Donate real estate, securities or other appreciated assets	Current income tax deduction and avoidance of capital gains tax
Make a charitable donation after death	Name a charity in your will or establish a revocable living trust	Control of property during lifetime and possible estate tax savings
Donate personal residence, but continue to live there	Donate ownership of the home to a charity, but retain the right to live there during lifetime (retained life estate)	Charitable income tax deduction and lifetime use of home
Avoid the double taxation (income and estate) of retirement plan assets	Name a charity as beneficiary of retirement plan assets remaining at your death	Avoids passing a heavily taxed asset to heirs; removes remaining value from estate
Receive a fixed income from assets	Create a charitable remainder annuity trust that pays a fixed annual income	Immediate income tax deduction and fixed income for life
Receive a potentially increasing income from assets	Create a charitable remainder unitrust that pays a percentage of trust assets, which are valued annually	Immediate income tax deduction and potentially increasing income for life
Reduce gift and estate taxes on assets passing to heirs	Create a charitable lead trust that pays income to a charity for a set term and then passes to heirs	Current income tax deduction and potential gift and/or estate tax savings
Supplement income from assets	Transfer assets to a charity in return for a lifetime income (charitable gift annuity or pooled income fund)	Current income tax deduction and lifetime income
Maintain control over how donated funds are used	Donate assets to a donor advised fund or set up a family foundation	Current income tax deduction and take an active role on how donation is managed and distributed

Charitable Giving Technique: Life Insurance Gifts

What It Is:

Through a gift of life insurance, you can make a substantial future gift to a charity at an affordable cost.

How It Works:

There are several ways to make a gift of life insurance:

- **If you have a life insurance policy you no longer need**, you can contribute it to a charity by naming the charity as the policy owner and beneficiary. You receive an immediate charitable income tax deduction equal to the cash value of the policy. If you choose to give the charity money to pay future premium payments, those cash donations are also eligible for a charitable income tax deduction. At death, the life insurance proceeds are not included in your estate for federal estate tax purposes.
- Alternatively, **you can purchase a new insurance policy on your life**, name the charity as owner and beneficiary, and arrange to make cash donations to the charity for premium payment purposes. Those cash donations to the charity for premium payments are then deductible on your income tax return. At death, the life insurance proceeds are not included in your estate for federal estate tax purposes.
- Finally, you can simply **name a charity the beneficiary of a life insurance policy** you continue to own. In this instance, there is no charitable income tax deduction available, but the proceeds of the policy at your death will not be included in your estate for federal estate tax purposes.