Creating a Gift of Significance

Pyramids rising in the desert...paintings on a cave wall...great works of science and literature — all reflect, to a large extent, a common yearning in people to say, "I was here; my life was important...I made a difference."

Everyone wants to lead a fruitful life, have a successful career, earn the respect of others. But most people, given the opportunity, would like to feel that they have made a lasting contribution toward a better world, that their lives have touched others — perhaps for many generations to come.

That small touch of immortality — the quiet satisfaction of helping perpetuate something meaningful — is the rich reward enjoyed by individuals who have made planned gifts to benefit the future. These gifts, made during life or through the donor's estate, have strengthened the ability of many charitable organizations to provide for future generations.

This booklet describes various methods of tax-favored giving to worthwhile causes and institutions. We invite you to explore the many ways you can leave your mark on the future. You can do much to shape tomorrow, and assure yourself a place among those who can truly say, "I was here; my life was important...I made a difference."

"I truly want to help. I only wish there were some way I could make a gift that really made a difference."

That sentiment may sum up the feelings of many people. The fact is, there IS a way — indeed, several ways — to make gifts of surprising significance. Planned giving is the key to making a gift that at first blush may seem beyond reach.

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Planned Giving-
Crafting a Gift of Significance

"I was here,; my life was important…
I made a difference."

Adapted from AXA EQUITABLE
A Primer for Crafting a Gift of Significance

According to Boston College, we are in the midst of the largest intergenerational transfer of wealth in history. It is estimated that more than $41 trillion will transfer from generation to generation over the next few decades.

For most Americans, the majority of their wealth, whether modest or large, consists of assets, not cash. The typical American has 91% of their net worth in assets versus 9% in cash. These assets include home, IRA, life insurance, etc. and, therefore, are not liquid and not available for gifts. Yet, most conversation about stewardship and giving is focused on cash – that is the 9%.

It is estimated that more than 70% of Americans do not have a current will. For the committed donor, giving via their will or trust is a natural continuation of their lifetime pattern of giving...they just need help.

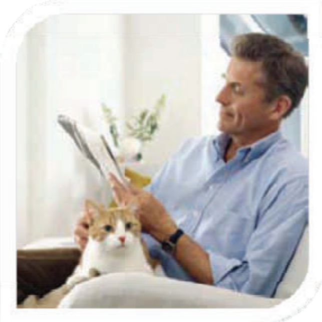
Planned giving then is a systematic process of educating and encouraging donors to steward the resources in their estate plan in a similar way to how they have given cash during their lifetime. With the assistance of a well-informed development officer and/or financial advisor, anyone can craft a planned gift to meet his or her charitable and financial goals.

Types of Planned Gifts

Bequest — When a donor decides to leave assets to charity in her will, she is making a bequest. The donor's estate will receive a charitable estate tax deduction at her death, when the gift is made to charity.

Gift Annuity — A gift annuity is a contract between a charity and a donor. In return for a donation of cash or other assets, the charity agrees to pay a fixed payment for life to the donor or to a friend or family member of the donor's choosing. The donor also can claim a charitable tax deduction. If a donor funds a gift annuity with long-term capital gain property, the donor will have to report only some of the gain, and may be able to report it in installments over many years.

Income from a gift annuity can be deferred for a period of years. Deferred gift annuities are often set up by younger donors to supplement retirement income.



Pooled Income Fund — The name describes this planned gift well-- a charity accepts gifts from many donors into a fund and distributes the income of the fund to each donor or recipient of the donor's choosing. Each income recipient receives income in proportion to his or her share of the fund. For making a gift to a pooled fund, a donor receives a charitable income tax deduction and will not have to pay capital gains tax if the gift is of appreciated property. When an income beneficiary dies, the charity receives the donor's portion of the fund.

Charitable Remainder Trust — This trust makes payments, either a fixed amount (annuity trust) or a percentage of trust principal (unitrust), to whomever the donor chooses to receive income. The donor may claim a charitable income tax deduction and may not have to pay any capital gains tax if the gift is of appreciated property. At the end of the trust term, the charity receives whatever amount is left in the trust.

Charitable remainder unitrusts provide some flexibility in the distribution of income, and thus can be helpful in retirement planning.

Charitable Lead Trust — This trust makes payments, either a fixed amount (annuity trust) or a percentage of trust principal (unitrust), to charity during its term. At the end of the trust term, the principal can either go back to the donor (a grantor lead trust) or to heirs named by the donor (a non-grantor lead trust). The donor may claim a charitable income tax deduction for funding a grantor lead trust or a charitable gift tax deduction for funding a non-grantor lead trust. Since lead trusts are typically used to pass assets to heirs, non-grantor lead trusts are far more common than grantor lead trusts.

Retained Life Estate — A donor may make a gift of his personal residence or farm to charity and retain the right to live there for the remainder of his or her life. The donor receives an immediate income tax deduction for the gift. At the donor's death, the charity can use or sell the property.