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Planned Giving: Accepting and Attracting Donations

Nikola R. Djuric, Elizabeth A. Faist
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Overview

- What is Planned Giving?
- Advantages of Planned Giving Programs
- Types of Planned Giving
- Endowments and Unrestricted Gifts
- Facilitating Planned Giving

Planned Giving

- Any major gift, made during lifetime or at death, as part of a donor's overall financial and estate planning
- Method of supporting charitable organizations that enables donors to make larger gifts than they might otherwise be able to make using various tax and estate planning techniques

Advantages for the Donor

- Income and gift/estate tax charitable deductions
- Retained income interests
- Disposition of appreciated property
- “Joy of giving”
- Leaving a legacy

Advantages for the Charity

- Enables donors to make larger and meaningful gifts
- Method of creating endowment that will provide future revenue stream for the charity
- Keeps the charity in the mind of donors
- Encouragement of other donors

Types of Planned Gifts

- Outright Gifts
- IRAs and Other Retirement Plan Gifts
- Annuities and Other Gifts
- Charitable Trusts

Outright Gifts

- Pledges made during life or at death
- Often in testamentary documents (will or trust instrument)
- Gift of cash or a non-cash asset; most common gift is appreciated stock because of income tax advantage
- Lifetime gift almost always more advantageous to the donor (income tax deduction and “joy of giving”), especially with increase in estate tax exemption

IRAs and Retirement Assets

- Naming a charity as the beneficiary of retirement plan is a good source for a testamentary charitable gift
- Retirement plan left to descendants subject to estate tax and income tax. Zero tax when left to charity.
- Can be fixed dollar amount or a percentage. Can name one or more charities.
- Beneficiary designation form—not the decedent’s will—controls the disposition of the retirement plan

Life Insurance

- Life insurance owned by decedent is subject to estate tax
- Insurance policy results in a sizeable gift for a minimal outlay of cash
- Options:
 - ✓ Designate the proceeds - similar to a retirement plan designation
 - ✓ Transfer ownership to the charitable organization
- May give all or a portion of the insurance proceeds

Endowments and Unrestricted Gifts

- What is an endowment?
- Difference between endowments and unrestricted gifts
- *Uniform Prudent Management of Institutional Funds Act*, or UPMIFA, which affects most charitable institutions, including public charities and private foundations
 - ✓ Investment Standards for charitable funds held by covered organizations
 - ✓ Endowment spending rule

Facilitating Planned Giving

- Learn and understand the legal instruments that facilitate planned giving
- Provide donors/professional advisors (online) with:
 - ✓ Exemption letter
 - ✓ Form 990
 - ✓ Annual financial reports
 - ✓ Language and legal names for bequests and beneficiary designations
 - ✓ Model pledge agreements
 - ✓ Model gift agreements
- Target larger recurrent/annual donors

Resource

- Community Foundation of Greater Atlanta – Planned Giving Design Center:
<http://www.cfgreateratlanta.org/Professional-Advisors/Planned-Giving-Design-Center.aspx>

For More Information:

If you would like more information about the services of Pro Bono Partnership of Atlanta, contact us at:

www.pbpatl.org
info@pbpatl.org
404-407-5088