

Gift Planning Quick Guide

Gift	How and Why
Outright Gifts	
Cash	Write check, or use credit card. Easy to make; income tax charitable deduction for full amount of gift.
Securities	Typically, transfer to charity an appreciated asset (stocks, bonds) held for more than one year. Income tax charitable deduction for full fair market value; no capital gains tax payable on asset's appreciated value.
Closely Held Stock	Business owner gives stock to charity, then corporation repurchases same stock. Fair market value of stock deductible as charitable contribution; no capital gains tax.
Tangible Personal Property	Donate property to charity. Income tax deduction for full fair market value if gift properly used by charity for its exempt purposes (otherwise, deduction limited to adjusted cost basis.) Qualified appraisals often necessary.
Life Income Plans	
Charitable Gift Annuity	Assets (usually cash or securities) donated to charity in exchange for fixed annuity payments. Current income tax charitable deduction for gift portion of donation; part of payments may be tax-free return of principal; capital gains tax on transfer spread over donor's life expectancy if donor is the annuitant.
Charitable Remainder Annuity Trust (CRAT)	Set up trust that pays specific annual benefit for life of beneficiary(ies), or for a period up to 20 years; trust property transferred to charity when benefits end; usually funded with cash or securities. Income tax charitable deduction; possibly avoids capital gains when funded with long-term appreciated property.
Charitable Remainder Unitrust (CRUT)	Similar to CRAT, except income amount varies each year as trust assets are re-valued; may be funded with cash, securities, and other assets. Same benefits as CRAT. Different funding and payout options (unlike a CRAT).
Revocable Gifts	
Bequest	Use will to direct property to a charity at your death. Estate tax charitable deduction for value of gift; donor retains lifetime use and control of property intended as bequest gift; most popular form of planned gift.
Revocable Living Trust	Set up trust that directs disposition of assets, including gifts to charity; trust can be revoked or changed. Minimizes costs and delays of probate; facilitates transfer of assets; plan is private, not public (unlike a will); continuity of asset management in the event of death or disability.
Retirement Plan Assets	Charity named as beneficiary of retirement plan assets (other arrangements also possible). May have estate planning benefits, because income in respect of a decedent (IRD) is taxable to heirs, but not to charities.
Other Gifts	
Donor Advised Fund	Donor makes irrevocable contribution to a restricted fund maintained by charitable organization. Income tax charitable deduction for full amount of gift; donor may advise regarding fund distribution, but donor may not place material restrictions on fund.
Retained Life Estate	A form of real estate gift in which donor makes gift of real estate but retains right to live in property for remainder of his or her life. Income tax charitable deduction based on present value of remainder interest.
Charitable Lead Trust (CLT)	Charity receives annual trust income; trust principal reverts to donor or beneficiaries at end of trust term. Qualified CLT may qualify for a gift tax or estate tax charitable deduction, and sometimes income tax charitable deduction depending on type of CLT.
Life Insurance	Give life insurance policy to charity, or designate charity as beneficiary of policy, or use policy as wealth replacement tool in tandem with a CRAT or CRUT. Income tax charitable deduction for donated policy.