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Philanthropy is a Learned Behavior: What Can Gift Planners do to Enhance the Learning?

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PHILANTHROPY IS A LEARNED BEHAVIOR . . .
What can gift planners do to enhance the learning?

Attribute Helen Monroe, California, to this quote: **"Generosity is probably a given human quality but philanthropy is a learned behavior."**

There is always commerce in the marketplace of ideas . . . Daughter/wife of economists

Learning goes from concrete to abstract – Maria Montessori
Have we considered this with our donors and prospects?

YOUR OWN PERSONAL APPROACH TO GIFT PLANNING:
How do *you* approach fundraising?

Is it, Charity focused?

Or is it, Donor focused?

Does it feature advantages to the donor in the discussions, including possibly being a philanthropist of a level not thought possible?

Does it focus on the donor understanding these gift options, what they might mean in his or her circumstances, what assets to fund, how family figures into the plan, practical aspects of the plan? How much do you talk about tax advantages?

WHO ARE WE, THE GIFT PLANNERS?

Practitioners – attorneys, accountants, financial planners, bankers, trust officers – usually technical, even rule oriented rather than pragmatic and practical, many more concerned with document production than with advice and counsel. Concern also about loss of funds under management, a very real issue, and how will be compensated.

Non-profit staff – development, advancement, fundraising staff *but also* other internal staff at the charity, e.g. accounting, finance, legal, administration. This group can be technical but probably is not. Internal groups at charity, other than development staff, often believe they have little or no role in gift planning and fundraising with real folks, but they can be part of cultivation, stewardship and recognition, in addition to their key administrative role.

Volunteers – Boards and committees – primary role of advocate for the charity, could we also employ as conveyors of *concepts and advantages* in charitable gift plans?

A few **planned gift donors** become gift planners, in the sense that they encourage others to consider these attractive planning options for themselves.

EDUCATION AND AWARENESS OUR OVERALL GOAL, SO COMMUNICATION AND OUTREACH:
Who can these groups of individuals reach out to, to educate and mentor even?

Clients
Donors and prospects – past and present
Volunteers especially leadership – past and present
Alumni or users of services – past and present
Attendees, at the charity and/or its events – past and present
Staff – past and present
Vendors, suppliers
Neighbors – close to the physical location of the charity
Community – message is the key, integral role of the charity in the community
Self
Spouses and children, other family, friends and colleagues of all these groups

Do you include Board and committee members in your top prospect group?

HOW DO YOU SEE YOUR ROLE AS GIFT PLANNER?

Is it, to come away with a gift commitment from the visit?

Is it, to further your personal fundraising goals at the charity?

Is it, to build the relationship, to cultivate for a gift, now or then?

Is it, to friend raise, rather than fund raise? For how long?

Is it, to provide information about charitable options so the donor can make an informed decision that is right in his/her circumstances?

Have you ever asked yourself, to whom do you owe a greater loyalty, to the charity that employs you, or to the donor? What might be the long term implications of that choice?

WHAT CAN WE/THEY EDUCATE AND MENTOR THEM ABOUT?

Do you cultivate and educate, motivate, by talking about planned gift vehicles, or about concepts and advantages those gift plans can enjoy, and what assets best fund them?

Do you regularly discuss certain asset types with prospects?

Do you discuss taxes more than any other advantage?

Do you regularly discuss personal planning goals with prospects including general family issues, and to ask what *they* want the charitable plan to accomplish?

Do you discuss values and family values in philanthropy with prospects?

Do you think that you need to talk to only older individuals, or can younger persons also be candidates for certain gift planning options?

Do you think that because you are not comfortable with the difference between a charitable gift annuity and a charitable remainder annuity trust, that you cannot understand nor do planned giving for your charity?

Have you ever had a personal conversation with a prospect about gift planning?

In the last NCPG Survey of Donors, the leading source of information about a planned gift arrangement came from the printed materials of the charity itself.

CORE CONCEPTS FOR A GIFT PLANNER TO UNDERSTAND AND SHARE:

That many individuals can be a philanthropist *if we can show them how*

That many people can benefit from these plans, and that most people no matter their educational level or business experience don't know how to give most effectively, nor do their planner(s)

That there can be significant advantages to a donor that further their own personal planning objectives and goals, in a well crafted gift planning arrangement

Gift plans can be revocable or irrevocable

Gift plans can return income to a donor and/or others

There are many options for giving, *using **assets** that now or in future will be an issue for a donor to dispose of or distribute*

That an individual can and probably should talk to a charity first about options before committing to sell or dispose of an asset, especially if appreciated and low yield

Lifetime and/or testamentary options both exist, with advantages at different stages of planning and life experiences, for repeatable opportunities

Options a donor can do on own, like a beneficial designation of a retirement plan or life insurance policy; others like a will or trust require a professional advisor

Endowment, if a goal of the charity, what that means, testimonial to values

Various planned gift types are most effectively conveyed if by **concepts, what they accomplish, with illustrative and motivating donor stories**

Most every donor-perceived impediment to giving can be improved or overcome in a well-crafted planned gift arrangement

Sometimes people can be better off giving something away than keeping it, can apply to family and to charities both

That gift planning is exciting, flexible, innovative, problem solving with collaboration and communication, vibrant, with “legs” at every stage of life. Our goal is to motivate someone to consider the options, would it work for them, and how?

WHEN DO WE/THEY EDUCATE AND MENTOR?

In every opportunity, more likely to happen if gift planner is a good listener, listening to a donor or prospect for opportunities to suggest a various idea, especially as the donor expresses an impediment/concern to giving

In every publication or mailing the charity is already doing, perhaps including the annual fund card, commit space for a planned giving message or appeal, little or no cost

In conversations with just about everyone, if and as appropriate, whether or not you see that person as a prospect just for your charity

At most of the charity’s events, if and as appropriate, can personalize gift planning through donors

At events at the charity or at a volunteer’s home, by invitation to discuss gift planning advantages and ideas

Repeatedly, over and over, whenever can, and by lots of different folks at the charity, not just the fundraiser

WHERE AND HOW DO WE/THEY EDUCATE AND MENTOR?

On-site at charity, at appropriate events

Off-site, at donor’s place of business or residence
In meetings
In presentations, seminars and outreach opportunities
In publications and marketing
With testimonials from donors, in publications, at events
In word-of-mouth from satisfied donors
Informally, at the grocery store, playground, golf course
In collaboration sometimes, with other charities or groups

Be open-ended in your gift conversation, don’t just spill out your script. Ask the donor questions, about his/her role at the charity, why has supported the charity, and what at the charity they’d like to fund – though you can of course talk about the charity’s priorities.

Planned gift prospects are like the two teenagers I have at home, you repeat and repeat and repeat and repeat for you’re never sure when they’ll hear your message.

Remember, planned giving is the only kind of fundraising (in many respects) where the donor concerns actually matter.

HOW DO ETHICS, CONFIDENTIALITY, INTEGRITY APPLY, TO EVERYONE AND EVERY DAY?
“In a small town, all you have is your reputation,” Jeanne O’Harra Jones, my Mom

MODEL STANDARDS OF PRACTICE FOR THE CHARITABLE GIFT PLANNER

Preamble
The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation
The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure
It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation
Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finder's fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism
The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers
A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities
Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift
The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance
A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust
Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. *Revised April* 1999.

Own personal test . . . envision your mother or grandmother as the prospect, how would you feel about the conversation after the fact?

WHAT MOTIVATES THE LARGE GIFTS
How YOU can Talk with Real People about Real Gifts

1. MISSION worthy of support - meritorious cause - how charity articulates its need for the large or planned gift, in a way that the donor will care about that need.

2. CHARITY'S RELATIONSHIP with donor - past, present and future. Personal relationship works best - direct mail won't often do (except to educate).

3. A practice of donor cultivation, ongoing education about charity's purpose and mission, stewardship when donor has made other gifts to your charity, <u>including</u> telling the donor how his/her gifts have been used, their value that is so appreciated, supporting the critical work the charity does (<u>always</u> tie to mission).

4. Marketing and education, about fundraising and particularly planned giving - stress CONCEPTS (<u>not a technical recitation</u>) of how planned gifts have been, can be successfully used to achieve donor's planning objectives, part of diversified portfolio - goal is to be ENABLING to this donor and others (a "can do" approach and tone). Stories need to be compelling, to trigger an emotional response even.

5. Donor identification - who is most likely IN TERMS OF BOTH LINKAGE AND CAPACITY to consider planned gift options. Who are the identifiers?

6. Charity ASKS certain identified donor(s) to consider planned gift options, how they ensure the charity's future and why, how to consider these attractive planning options - greatly enhanced if development officer is a good listener, and <u>responds</u> then to "cues and clues;" response might be referral to expert.

7. Is the right individual at the charity the point person for this donor, with an individualized (written) plan for cultivating and soliciting each prospect? Can that individual really articulate, discuss planned gift options, at least in concept terms?

8. Are peers such as Board members involved, at least as door openers or as participatory volunteers in the solicitation? Would this be important to this donor? Is there a Board member or other influential individual who has made a planned gift, who would be helpful on the call, has passion to articulate need?

9. Responsiveness to donor objectives, considerations, and intent as to how gift will be used - charity can <u>usually</u> assume will be restricted, if a large gift. This raises issues of how to negotiate, document, who can bind the charity to any arrangement - and if the charity understands how to negotiate these arrangements, how it's affected by the gift's terms (maxim: not all proposed gifts are good gifts).

10. Follow-up with each prospect - how can we be of further help and service?

11. Administrative responsibilities well executed, if charity has any - use those as a stewardship or cultivation opportunity. Written record of business matters.

12. ACCOUNTABILITY on part of charity - keeps donor in loop about what charity is doing, how well it uses and safeguards its precious, finite resources. Charity contacts the donor other than when asking for the gift, tells the donor how his/her gifts (and those of others) have been used, their importance. **Pitch might be how to endow donor's annual support on which charity has come to rely.**

13. Ethics, integrity, confidentiality - all critical to process, perhaps more true in planned giving than in any other area of development (because hear sensitive, private information, some cannot, should not share nor perhaps even document)

14. Donor recognition, if donor wants any - ask him/her - appropriately handled, with sensitivity, e.g. don't need to reveal details, specifics - ask to use their story as a testimonial, to encourage others to consider these wonderful options

15. The non-greedy, non-grasping approach - be realistic that the donor will have other charitable inclinations besides supporting the one you represent. **Pitch should be that the donor can take care of all charitable desires in one well-crafted planned gift arrangement.**

16. Great planning opportunities a genuine, meaningful benefit to entire process, very appealing to prospects

17. Everyone likes a good idea, and flexibility is highly prized, both available in abundance in charitable gift plans.

NOTE: You will *not* find a requirement for your own technical expertise on this list, which expertise is readily available, from your Community Foundation, from other charities or colleagues, from an advisor who is well experienced in gift planning matters, or a consultant. Services from your Community Foundation or national office if you have one are available, some free so use them, even before you call on a good prospect or key volunteer who you know might have assets or planning concerns.

Your role is to tell your charity's story, and to listen to and then share concepts with a likely prospect or donor – THIS YOU CAN DO, should do with just about everyone, will go far in promoting gift planning, a proactive concept, and endowment ideas.

Message to *all* prospects (from Harvey DeVries): **"Would you consider making a gift if we could show you how?**

DONOR BENEFITS
IN CHARITABLE GIFT PLANNING
or
Why So Many People Are Considering Planned Gifts
As Smart for Estate and Financial Planning Goals

In addition to assisting the donor in fulfilling his or her primary motivation to make a significant contribution to the good work of a favored charitable organization(s), often to endow a favorite purpose which the donor may designate, properly planned gifts can also provide the donor with significant personal tax, estate and financial planning benefits. These benefits include:

I. Personal satisfaction, the joy and pleasure of becoming a philanthropist for the donor's favored charities, leaving a legacy of values

A planned gift is usually much more substantial than the donor ever imagined, making him or her a philanthropist while often achieving many personal estate, tax and financial planning objectives within the well-crafted planned gift arrangement. Many planned giving donors make repeat gifts, to repeat these advantages in different tax years and at different stages of their overall planning. Leaving a legacy, and being remembered in a certain way are often motivations.

II. Income tax savings

A. Reduced income tax due to the charitable income tax deduction, available to itemizers

B. The avoidance of additional tax on long-term capital gains from contributions of long term appreciated, low basis assets in most cases (deduction for short term property limited to basis)

C. Reduced or avoided income tax owed by the survivor beneficiary (person or estate) of qualified pension plans, IRA's, deferred compensation plans, etc. by using these assets to make testamentary charitable gifts, such as outright to favored charities by percentage designations of the plan balance, or to a charitable remainder trust that pays income to the survivor for lifetime.

Can even fund CRT for donor and spouse during lifetime with mandatory retirement plan withdrawals, entitling donor to deductions each year against that included income, and at donor's death to add plan balance to that charitable remainder trust, for income and investment expertise for surviving spouse.

D. Retained life estate, of personal residence, vacation home or farm, for older individuals, often a husband and wife.

III. Gift and Estate Tax Savings

A. Reduced gift tax for gifts to children or grandchildren where they are the beneficiaries of a lifetime charitable lead trust

B. Reduced estate tax through lifetime charitable gifts and by including charitable gifts in testamentary provisions

C. Significant estate tax savings from charitable income plans where donor and spouse are the only income beneficiaries

IV. Increased lifetime income

Through funding of charitable gift annuities, pooled income funds and charitable remainder trusts with ordinary income or appreciated assets which are producing a low level of annual income. Contributions of the appreciated asset itself in effect convert the asset to a higher income yield without causing the donor to realize capital gains, while entitling the donor to an actuarially determined charitable income tax deduction. And, then income is paid to the income beneficiaries on the full fair market value, and not just on 85% or 80% or 72% (less basis) as reduced first by the payment of capital gains taxes.

V. Tax sheltered lifetime income

A portion of the income received from charitable gift annuities will be tax-exempt income for the life expectancy of the beneficiary, as a tax-free return of principal. It is possible to receive tax-exempt income from charitable remainder trusts, depending on the trust's investment experience and what funding asset was used, and prevailing bond and other rates.

VI. Supplemental retirement income

Deferred payment gift annuities can provide supplemental retirement income. A version of the charitable remainder unitrust can be invested for growth to pay a larger amount of income to the beneficiary in the future, with nominal annual income until that time; the donor receives a current charitable income tax deduction each year trust is added to.

VII. Asset management, diversification

Many of the lifetime income plans offer the benefit of alleviating the donor or a surviving spouse of the worries of managing assets, or in providing income to individuals who might be unable or uncomfortable managing a lump sum. This can also satisfy a diversification objective, to have income from a variety of sources.

VIII. Financial support, fixed or variable, of family members or friends

Contributions can be made to all the lifetime plans with someone other than the donor named as the income beneficiary, such as the spouse, aged parents whom the donor is already supporting, or a term trust to educate children or grandchildren. There can be resulting gift tax implications (none for spouse), but the $12,000 (in 2007) per year per donor per donee exemption applies, if the gift of income is a present interest.

SIMPLER TYPES OF PLANNED GIFTS, FOR ENDOWMENT, MOST WITH LITTLE ADMINISTRATION BY CHARITY

A. Bequests - donor includes "magic language" in will or testamentary trust

B. Beneficial Designations, by a Percentage, of (Part or All) of (One or More) Retirement Plan Assets - Revocable, Flexible Giving Method, for Almost All Aged Individuals, from Expensive Assets for Family to Inherit

C. Gifts of Life Insurance Policies That Are No Longer Needed, Gifts Made by Ownership and/or Beneficial Designation, part or all, on Existing Life Insurance

D. Gifts Using Appreciated Stock or Real Estate (often low yield) as Funding Asset

E. Gifts of Real Property Subject to Life Estate (for donor and spouse)

F. Testamentary Disposition, by Bequest, of Government Savings Bonds; if no longer paying income, cash in and fund CGA's during life, deduction may offset inclusion in taxes

G. Promoting Gifts Other than Cash - vary message, use testimonials to illustrate

REMEMBER:

A. Most planned gifts are restricted, now and forever, by its donor.

B. Ongoing education and awareness about planned giving options is essential.

C. Your board has a key role in planned giving success, as donors, overseers of the program, volunteers, lead gatherers, as promoters of the charity, its mission.

D. Planned gifts often have deferred impact to the charity - cost to raise them now, but can be years before the charity sees spendable dollars from planned gifts, so perfect for endowment fundraising.

E. Planned giving programs more likely to succeed if have staff and financial resources DEDICATED to proactive planned giving promotion and activity.

F. Can encourage some planned gift activity without much responsibility - but, will have to gear up, technically and administratively, to handle life income arrangements like charitable gift annuities and charitable remainder trusts, OR, can outsource, e.g. to your local community foundation or for-profit provider.

Even the longest journey begins with but a single step . . . so START NOW, with everyone

BENEFICIAL DESIGNATION GIFTS –
REVOCABLE GIFT OPTIONS FOR JUST ABOUT EVERYONE

1. Many individuals have the majority of their portfolios today in (more than one) retirement plan assets – may well be that individual's largest asset holding

2. Retirement plan assets are among the most expensive for family to inherit due to potentially heavy taxation, which can be deferred but will still be incurred at some future time

3. Retirement plan assets can be subject to income and estate taxes, both state and federal, so four (or more) potential taxes

4. Most of a retirement plan is usually taxable, especially if funded solely by employer contributions and with significant tax-free market growth

5. Income tax on retirement plans is simply deferred, most often for the lives of the owner and spouse. There is no marital deduction for income tax purposes, so will be taxed, just later and not now

6. Income tax on retirement plan assets can be deferred now to a next generation like children – called "stretch out" IRA's – which most children are NOT choosing, wanting a lump sum even with taxes paid first, instead

7. Combined estate and income taxes, both state and federal, can erode a majority of the plan's value, in some cases as much as 80% gone in these multiple taxes

8. In past, there was even a fifth possible tax on retirement plan assets, an excise tax, now repealed – impossible to say if ever will be reinstated

9. Consider using for charitable purposes the most expensive assets family can inherit, which includes retirement plans and deferred compensation plans

10. Can designate a percentage (NEVER an amount) of one or more of one or more retirement plan assets to individuals and/or various charities – designation **revocable** during life

11. Retirement plan assets DO NOT pass via a will or trust, by rather by who is listed on the beneficial designation form – becomes irrevocable when the plan owner dies. This is why a former spouse can take a retirement plan over a current spouse, if the former is listed on the beneficial designation form

12. Gift simple to complete, by completing a change of beneficiary form with the company holding the plan or provided by your employer's benefit office, with a percentage designation to one or more favored charities. Can include a designation to family too, e.g. "5% to five specifically designated charities, remaining 75% to my spouse."

13. Can change the beneficiary designation form anytime by simply completing a new form and sending it back to the company holding the plan

14. Can even designate a (lifetime or testamentary, in a will) charitable remainder trust as beneficiary of a qualified retirement plan, and provide income to spouse or to other family members, remainder eventually to charity or charities. Heirs may actually receive more under this method than if inherited after-tax amount of the plan(s)

15. Even a twenty-one year old can choose this option, e.g "1% to my favorite charity, 99% to my parents/spouse."

16. Cam use one plan, if have multiple plans, as the source of all testamentary charitable giving, and give remaining plan(s) to family members - who inherit after-tax value

17. Some individuals use their mandatory retirement plan withdrawals, which must commence by age 70 ½ for retired individuals and which are subject to income tax, to fund charitable gift annuities for self and spouse, or to make outright charitable gifts. This offsets the income inclusion of the mandatory withdrawal, which must be taken whether or not the individual needs or wants it

18. Beneficial designation gifts are easy to promote and understand, and an extremely viable option for most of your prospects

SUMMARY OF LIKELY PLANNED GIFT OPTIONS

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Bequests – no effect until death, must be included in a will or testamentary trust. Can be expressed as certain amount, specific asset(s), percentage or residue of an estate.

Beneficial Designations of (part or all) of (one or more) Retirement Plan Assets –accomplished by a beneficial designation on a qualified retirement plan and sent back to the company holding the plan. Gift often expressed by a percentage. Revocable, no effect until death, can take care of all charities from these assets that are expensive (due to many possible taxes that are only deferred) for a family to inherit.

Gift of Ownership, or Beneficial Designation of (part or all) of (one or more) Life Insurance Policies – if give ownership of a life insurance policy to charity, may get a tax deduction. If designate charity as a beneficiary, usually a percentage designation, no income tax deduction since revocable, gift happens at insured's death, estate tax savings.

Gift of Real Property Subject to Life Estate – gift of a primary residence, vacation home or farm, older individual(s) deed real estate to charity, retain on the face of the deed their right to occupy the property for the rest of their life/lives. Life tenants responsible for taxes, insurance, care of property during their occupancy, entitled to an income tax deduction for charitable remainder value, simplifies the estate, makes them a donor now.

Charitable Gift Annuities – life income plans, usually for older individuals, only one or two annuitants on any contract, *maximum* rates "suggested" by American Council on Gift Annuities and based on age(s), generally higher than market rates of return, with modest amounts to fund. Can defer when income is paid to annuitant(s), e.g. save for retirement, to support a partner or sibling or friend or parent; receive income tax deductions as fund.

Charitable Remainder Trusts – irrevocable when funded, trusts must follow statutory terms and be in the form of an annuity trust (pays fixed amount, cannot be added to) or a unitrust (variable payout based on market performance, can add to). Can pay income for life or for a term up to 20 years, such as for younger beneficiaries. Net income variation on the unitrust that pays 5% (minimum payout, right choice for most since excess income is reinvested) or amount of income earned by the trust, whichever is less, excellent method to save for retirement and college.

Testamentary disposition of all U.S. government savings obligations – U.S. savings bonds a good testamentary gift to charity(ies) since donor would pay income tax if gave bonds during life, can designate in will or trust that all government obligations to various charities in various percentages. Can also redeem during life, recognize income, fund charitable gift annuities or outright gifts to charity, offsets income tax inclusion.

Gifts Other Than Cash – Use appreciated (often low yield) real estate or stock to give outright to charity or to fund an income arrangement, can enjoy significant tax and income advantages such as avoiding capital gain recognition and receive income off full amount, can use to provide income to self and then to a survivor.

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