

B'nai Torah Foundation

Five Ways to Leave a Gift to Charity

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1. **Bequest in a Will or a Trust:** The easiest way to leave a gift is to include it in your will, or in a codicil (amendment) to your will. Sample language is: "I bequeath X percent of my estate [or \$X of my estate] to the B'nai Torah Foundation, 6261 SW 18th Street, Boca Raton, FL 33433, EIN #65-0276400."

2. **Testamentary Gift from an IRA or Pension Plan:** These assets are often taxed very heavily in your estate. Any portion left to charity is not taxed. Therefore, if you are considering leaving a gift to charity, it makes the most sense to use an IRA or pension plan to make the charitable donation, and leave other assets to your children.

Contact the financial institution that manages your IRA, and request a copy of their Beneficiary Designation form. Be sure you have the EIN number for the charity, as well as its correct address. Sign the original form, and make two copies. Send all three to the company, and request that they date stamp and sign the two copies, and return them to you. Keep one for your files, and give the second copy to the charity. This will help to ensure that your wishes are carried out.

3. **Life Insurance** – While age is not an impediment to using life insurance to make a charitable gift, youth is a greater opportunity. There are several ways to use this vehicle to make a gift:

- a. Contribute an existing policy, making the charity the owner and beneficiary of the policy. You will receive a tax deduction for the fair-market value of the policy at the time of donation (not the face value).
- b. Contribute a portion of a large existing policy, leaving the balance to your original beneficiaries. Contact the insurance company to get their Beneficiary Form, and make copies (see IRA above). You will not receive a tax deduction for this legacy gift.
- c. Purchase a new policy, making the charity both the owner and beneficiary of the policy. The charity will be billed for the annual premium, and notify you when it is due. You will make your check payable to the charity, and your annual gift to cover the cost of the premium payment is tax deductible.

4. **Charitable Gift Annuity** – This is a simple contract between the donor(s) and the congregation. No attorney is required. CGAs can be set up to provide annuity income for one person, or for two persons, who need not be related.

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Here's how a charitable gift annuity works: You transfer cash or marketable securities (e.g. stock, bonds, or mutual fund shares) of at least \$10,000 to B'nai Torah Congregation (BTC). In exchange, BTC pays you a guaranteed fixed income for life on a monthly, quarterly, semiannual or annual basis, and you receive a tax deduction.

By transferring these assets, you are making a gift to help ensure the fiscal stability of our congregation, including all of the services and programs we offer.

The amount of your annuity income depends on the size of your irrevocable gift and your age. The larger your gift and the older you are, the more income you will receive and the greater your tax deduction will be.

5. Charitable Trusts:

There are two popular trusts options:

Remainder Trust

A Charitable Remainder Trust provides life income for one or several income beneficiaries, such as the donor and the donor's spouse, and leaves the remainder interest to the Foundation or designated beneficiary. There are two variations, the Annuity Trust and the Unitrust, each enabling donors to donate an asset and retain life income. Depending upon the donor's needs, Charitable Remainder Trusts can be used as a personal retirement plan. They can be structured to pay income immediately or to defer the income. Unlike new restrictions on IRAs or amounts that can be contributed to qualified pension plans, there are no such restrictions on gifts that can be contributed to Charitable Remainder Trusts. Most important, all the contributions qualify for a charitable income tax deduction.

Lead Trust

A Charitable Lead Trust is a trust that pays income to a charity such as the B'nai Torah Foundation for a specific period of time. At the termination of the trust, all gift assets are returned to the donor or other person(s) designated in the trust, such as children or grandchildren. The income received by the B'nai Torah Foundation can be used to establish an endowment fund in the name of the donor. Whereas charitable remainder trusts generate significant income and estate tax deductions, lead trusts are used primarily to reduce estate tax liabilities on gifts to family members.

For more information on Charitable Gift Annuities, Charitable Remainder Trusts, or Charitable Lead Trusts:

Our Foundation can prepare a sample illustration for you, including the income tax effects of your gift. Contact Stephen R. Lippy, Executive Director, at 561-392-8566 or StephenL@Bnai-Torah.org for a no-obligation confidential illustration.