

Demystifying Planned Giving

Rabbinical Assembly

Delivered by

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January 27, 2010

Where We're Headed

- What is Planned Giving
- How is Planned Giving done
- Who are the best prospects
- Continuing Ed.



What is Planned Giving

A method of charitable giving that involves the donor's consideration of their retirement plan and family estate plan, and

Usually (not always) accrues cash to a non-profit at the donor's death

How is Planned Giving Done

- Revocable gifts (your donor can take it back)
 - very valuable to your program
- Charitable bequests
- Living trusts
- Beneficiary designations

Charitable Bequests

- Revocable
- Any property or cash
- By far most popular
- But, unlikely you'll be told
- It's an easy gift to make
- Residual estates hold a lot of wealth
- A deduction for estate?
- Beautiful for modest income members
- Bye-bye lifetime cost
- It's the place to start your Planned Giving program

Living Trusts

- Sans deduction
- Hushed donor who won't tell you
- Uh, it's revocable
- Lawful way to avoid probate
- Shul gets the money fast
- Hard to do? No, easiest trust
- Understand, it's cash or property
- Likely to see in start-up program

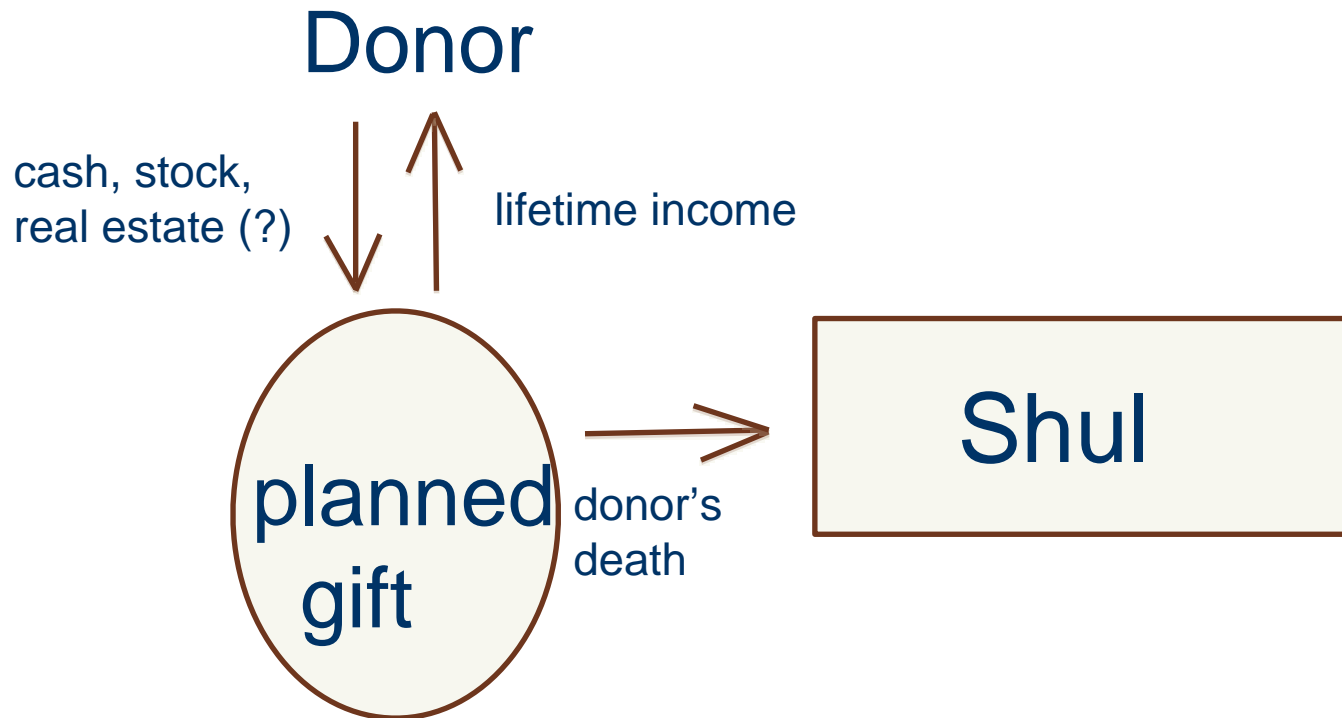
Beneficiary Designations

- Life Insurance
- Retirement plans
IRA, 401(k), 403(b), Small Employer Pension (SEP), SIMPLE IRA
- Commercial annuities
- Bank and brokerage accounts
- Any asset with a beneficiary designation
- Another good place to start your Planned Giving

Where We Are

- √ What is Planned Giving
- √ How is Planned Giving done
- √ Revocable gifts
- Irrevocable gifts**
- pay life income**

Irrevocable Gifts That Pay Life Income



The Life Income Gifts (a/k/a love those acronyms)

- Charitable Remainder Trust (CRT)
 - Fixed income--Charitable Remainder Annuity Trust (CRAT)
 - Variable income--Charitable Remainder Unitrust (CRUT)
- Charitable Gift Annuity (CGA)

Charitable Remainder Annuity Trust

- Fixed income for life to donor or any “income beneficiaries”
 - husband and wife is typical
- Based on a fixed percentage of trust assets valued once, at the beginning
 - must pay at least 5%
- Charitable income tax deduction
- No additional contributions to trust
- At death of income beneficiaries, remainder is a gift to shul (& other nonprofits?) & trust closes
- Can also be for set number of years rather than lifetime

Charitable Remainder Unitrust

- Variable income for life to donor or any “income beneficiaries”
 - husband and wife is typical
- Based on a fixed percentage of trust assets revalued every year
 - must pay at least 5%
- Charitable income tax deduction
- Additional contributions allowed
- At death of income beneficiaries, remainder is a gift to shul (and other non-profits) & trust closes
- Can also be for set number of years rather than lifetime

Charitable Gift Annuity

- Fixed income for life to donor and another, or any 2 “annuitants”
--husband and wife is typical
- Based on a fixed percentage of initial gift
- Charitable income tax deduction
- At death of annuitants, remainder is a gift to shul only
- Deferred Charitable Gift Annuity: income starts in future
- Substantial web of state regulation in CA, NJ, NY, others

Where We Are

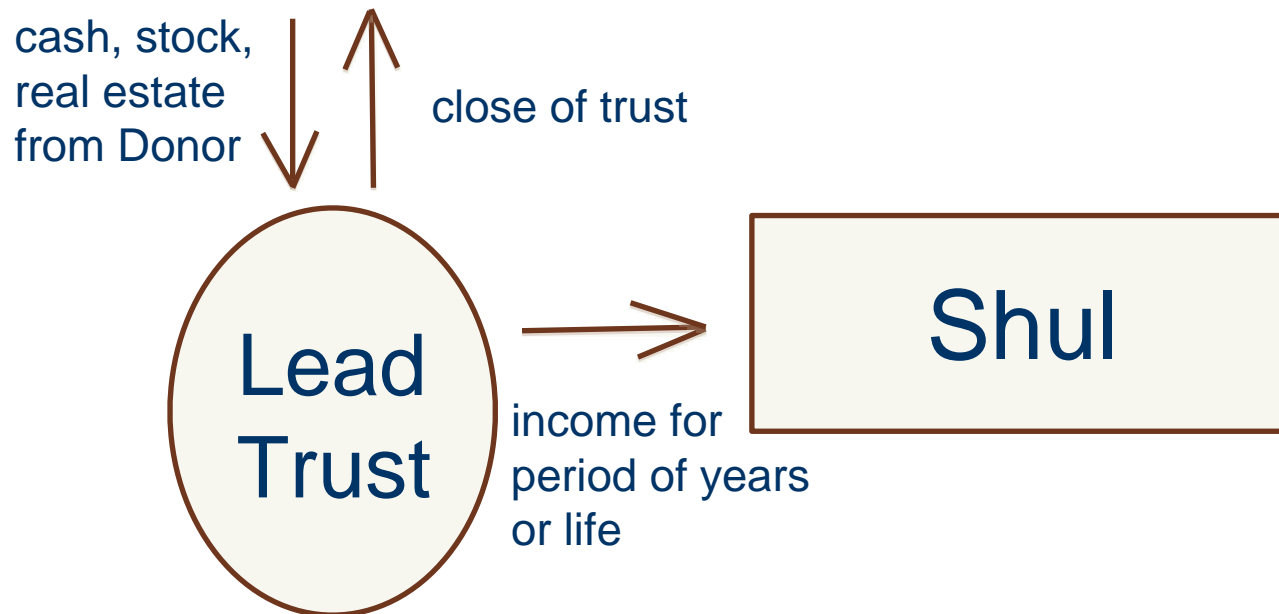
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 - √ pay life income
 - don't pay life income**

Irrevocable Gifts That Don't Pay Life Income

- Charitable Lead Trust (CLT)
- Charitable IRA rollover

Charitable Lead Trust

Heirs



Charitable Lead Trusts

Fixed or Variable Income To Shul

Charitable Lead Annuity Trust (CLAT)

- Donor cannot add to it
- Fixed rate (percentage) for income to shul
- Fixed dollar amount of income each year

Charitable Lead Unitrust (CLUT)

- Donor can add freely
- Fixed rate (percentage) for income to shul
- Variable dollar amount of income each year due to annual revaluation



Charitable IRA Rollover

- This year only
- Donors over 70 1/2
- Up to \$100,000/person, multiple charities
 - Double for couples
- Really, it's a “qualified charitable distribution”
- Refer donor to IRA custodian for form

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- **Who are the best prospects**

Who Are The Best Prospects- Where To Look

- Board for leadership gifts
- Annual giving
- Other giving
- Exclude events

Who Are The Best Prospects- Bequests

- Age 55 and over
- Giving consistency is key
- Ignore gift size
- Any wealth level
- Any asset portfolio

Who Are The Best Prospects- Living Trusts

- Anybody who has one
- Look closely at checks you receive
-- “Trustee,” “Revocable Trust,” etc.
- Listen closely to your donors
- Generally not created for charitable purpose
or at suggestion of a charity

Who Are The Best Prospects- Beneficiary Designations

- Any age, these assets are common
- Any wealth level
- Any asset mix

Who Are The Best Prospects- Charitable Remainder Trusts

- Age 55 and over
- Major donor
- Concerned about income
- Upper-middle or high wealth level
- Appreciated assets in portfolio especially good; cash works

Who Are The Best Prospects- Charitable Gift Annuities

- Age 65 and over
- Any giving level
- Concerned about income
- Middle or high wealth level
- Appreciated assets in portfolio especially good; cash works
- Remember, need approval for these in many states

Who Are The Best Prospects- Charitable Lead Trusts

- Age 50 and over
- Children or grandchildren
- Concerned about transferring assets
- Can sacrifice current & future income
- Major donor
- Upper wealth level
- Appreciated assets in portfolio especially good;
cash works

Who Are The Best Prospects- Charitable IRA Rollover



- Over 70
- Overfunded IRA
- Multi-year pledge & willing to accelerate payments
- Annual donor
- Any wealth level
- Has IRA(s)
 - Traditional or Roth; traditional more likely to work

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Continuing Ed.

- Me:
- *Tony Martignetti Nonprofit Radio, The Martignetti Report*, blog, LinkedIn, Twitter, Facebook
 - <http://www.mpgadv.com> or scan: 
 - slides are there now: “RA I” post 
- American Council on Gift Annuities (acga-web.org)
- Book: *Planned Giving Simplified*, Robert Sharpe, Sr., pub by Wiley

Next Thursday, Part Deux

- Two advanced gifts: real estate & life insurance ownership
- Marketing & promotion to start your PG program
- How to talk about this with your board
- How to talk about this with your congregants
- Working with donors' professional advisors
- Stewardship & recognition
 - what to do after you get a gift
- February 3, 12:30 to 1:45
- Sign up?

