LEAVE 5 | an initiative of COMMUNITY FOUNDATION of ABILENE

Did you know...

The purpose of this document is to provide your nonprofit with helpful, relevant charitable giving factoids to educate and spark discussion with your donor base.

BEQUEST FACTS

- **You can name the [YOUR NONPROFIT] as a partial or full beneficiary on any of your retirement funds or life insurance policies.** It's as simple as requesting a beneficiary designation change form from your financial institution, including the [YOUR NONPROFIT] as a beneficiary alongside any other heirs and returning the form to the financial firm for processing.

- **Congress passed the Setting Every Community Up for Retirement Enhancement (SECURE) Act on December 19, 2019. The SECURE Act includes many provisions designed to facilitate and enhance saving for retirement, but no longer allows non-spouse beneficiaries to take a distribution over their life expectancy.** Instead, the new law requires the funds be paid out over a maximum period of 10 years. (Exceptions: minors and individuals who are within 10 years of the age of the IRA owner.) For those interested in providing support beyond the 10-year time frame and seeking to support the [YOUR NONPROFIT], a charitable remainder trust is the perfect answer. You can stretch the beneficiary payments over the life of the beneficiary and whatever is left in the trust at the end of their life will pass to the [YOUR NONPROFIT].

- **You can leave a bequest to charity without changing your will or trust by making a beneficiary form change on any retirement plan including an IRA, 401k or 403b or life insurance policy.** Just list our nonprofit as one of the primary beneficiaries and what amount or percentage you are interested in gifting. You can also list [YOUR NONPROFIT] as contingent beneficiaries in the event that none of your primary beneficiaries are living at time of your death.

- **You can have a powerful impact on society with one simple sentence.** By making a provision in your will or trust to leave a gift to the [YOUR NONPROFIT], you can provide a lasting gift to support our mission while also creating a charitable legacy.

INCOME TAX DEDUCTION FACTS

- **The available deductions on qualified charitable contributions for this year have been increased to 100% of adjusted gross income for individual taxpayers who gift cash and itemize their deductions.** This is up from 60% of adjusted gross income for individual donors who itemize outside of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

- **Individual taxpayers who take the standard deduction and do not itemize have a special deduction available to them this year.** The CARES Act allows for a $300 above-the-line deduction. It's like a tax credit.

- **The available deductions on qualified charitable contributions for this year only have been increased to 25% of taxable income for corporations.** This is up from the 10% limit generally applicable for corporations outside of the CARES Act.

- **You could avoid paying income tax on your required minimum distribution (RMD) from your traditional individual retirement account (IRA).** How? If you are over the age of 72 you can make a qualified charitable distribution (QCD) from your IRA to a charitable organization endowment at the *[YOUR NONPROFIT]*! By doing so, you can make a contribution to charity, avoid taxation on the withdrawal from the IRA and satisfy your RMD requirements.

- **The most tax efficient way to leave a charitable gift from your estate is through a retirement account.** By naming the [YOUR NONPROFIT] as one of the beneficiaries of your retirement plan, the gift will be tax-free. If you are subject to estate tax, your estate will also receive a charitable deduction to offset the tax liability. Simply request a beneficiary designation form from your retirement plan administrator and list the [YOUR NONPROFIT] as a primary or contingent beneficiary. Make sure you communicate your intent of a gift to the executor of your estate as well as to the [YOUR NONPROFIT].

MISCELLANEOUS FACTS

- **You can assign a certificate of deposit (CD), money market account, checking account or savings account to charity without changing your will or trust through a transfer on death or payable on death beneficiary form.** Contact your bank and ask for one of these forms and list your favorite charity as the beneficiary.

- **You can transfer your house or other personal property to charity without changing your will or trust by using a transfer on death - or beneficiary - deed.** You must record (file) the deed with the local land records office before your death, but you are free to change your mind and revoke the deed at any time during your life. Upon death it will go to *[YOUR NONPROFIT]* .

- **You can avoid capital gains tax on highly appreciated assets.** By donating a highly appreciated asset to the [YOUR NONPROFIT], you can avoid paying capital gains on that asset. The [YOUR NONPROFIT] is able to sell the asset and avoid any capital gains tax.

- **You could gift your house to the [YOUR NONPROFIT] while still living there. Once you vacate the property, [YOUR NONPROFIT] has the ability to sell the property and use the funds to support an existing endowment or create a new one to benefit our nonprofit.** The advantage is that you receive an immediate income tax deduction, relieve your heirs from the burden of selling the property and, for large estates, could eliminate or reduce taxes because the value of the property is removed from the estate. It's called a retained life estate gift. You simply execute a transfer on death deed, giving the [YOUR NONPROFIT] ownership of your house after you and your named beneficiaries no longer have use for the property.

CHARITABLE GIFT ANNUITY FACTS

This gift type is the least common. Use these facts only if your organization offers CGAs.

- **You could make a gift to the [YOUR NONPROFIT] in exchange for a guaranteed lifetime income stream.** Simply make a gift of cash, stocks, bonds or even real estate to the [YOUR NONPROFIT] in exchange for a charitable gift annuity. You receive an immediate charitable income deduction and guaranteed lifetime income. Any funds left in the annuity upon your passing transfer to the [YOUR NONPROFIT] to support your favorite program or our nonprofit's operations.

- **Charitable gift annuity (CGA) rates decreased July 1, 2020. By making a gift to the [YOUR NONPROFIT] to establish a CGA, you can receive a charitable income tax deduction and a guaranteed income payment for life - all while supporting your favorite cause.** For example, a 70 year-old individual can gift $20,000 into a CGA and receive a charitable deduction of $7,297 while earning a 4.7% return or $940 per year. If cash is used, then $794 per year would be tax free for 16 years. Additional sample rates: 75 – 5.4%, 80 – 6.5%, 85 – 7.6% and 90 – 8.6%.