Planned Gifts

Charitable giving shouldn't happen by accident. Every charitable gift you make should be planned. Each gift should fit your needs and support the causes you care about.

"Planned gifts" or "planned giving" are terms of art that refer to several gift techniques that typically involve you retaining a portion of, or an interest in, the asset you are giving to charity. Some people consider charitable distributions under a will or trust, life insurance and retirement plan beneficiary designations, and other direct – but deferred – gift arrangements as also being planned gifts.

No matter what definition you subscribe to, planned gift arrangements give you an opportunity to address a wide array of issues you may be facing. They can be simple or complex, depending on your unique financial, familial and business situation.

Planned gifts can provide you with many benefits. These benefits can include an immediate charitable income tax deduction (even though the charity may not receive any property until some future date), avoidance or deferral of capital gains taxes on appreciated property used to fund the gift, retained and possibly increased income to you or others you care about, possible assistance in asset diversification and, last but not least, support for charity.

Almost anyone can make a planned gift. Many planned gifts, such as charitable gift annuities, can be established for relatively small amounts ($10,000 or more). Arrangements such as charitable remainder trusts may require more significant amounts, to make the administrative and implementation costs of the gift reasonable.

There are a number of different planned gift options, each of which is useful in certain circumstances. The goal is to find the planned gift that is most advantageous to you, to all those who are significant to you, and to the causes you support. The Community Foundation's staff - with years of legal and financial planning experience - can provide assistance in creating a planned gift that's right for you.

You should always consult with your legal, tax and financial advisors when making a significant gift of any kind - and particularly when you are considering a planned gift. Your advisors can help you find the right gift for you. The Community Foundation can also help you and your advisors identify these opportunities.

Types of Planned Gifts

You may wish to make a charitable gift to a fund at the Community Foundation, but also need to provide a source of income for you or others. In this situation, one of several retained income gift techniques may be attractive to you. These arrangements include:

Charitable Gift Annuity

You may also establish a charitable gift annuity with the Community Foundation. This is an agreement between you and us wherein we agree to provide the annuitant (usually you) a determined amount for life, in exchange for your gift. Unlike most other retained income arrangements, a gift annuity is not a trust. Rather, it is a contract between the Community Foundation and you that is secured by our assets. You can establish a gift annuity at the Community Foundation for a minimum gift of $10,000 or more.

Charitable Remainder Trust

Charitable remainder trusts are established by you and are separate trusts that benefit only you or your designated beneficiaries and, ultimately, the Community Foundation. There are multiple types of charitable remainder trusts to fit a variety of situations. The two main types are annuity trusts, which pay a set amount to the beneficiary, and unitrusts, which pay a percentage of the annually determined value of the unitrust to the beneficiaries. We will work with you and your professional advisors to ensure the trust ultimately supports the charitable causes you care about.

Other planned giving arrangements provide current support for charity with a deferred benefit to you or others, or are deferred gifts that take effect upon your death or the passage of time. Some of these types of gifts include:

Charitable Bequest by Will or Charitable Trust Distribution

One of the simplest ways to provide for your community is to establish or add to a fund at the Community Foundation through a bequest in your will or by providing for a distribution from your trust. This is a simple option that allows you to enjoy all of your assets while you are alive, yet support your favorite causes at death.

Insurance

Life insurance makes it possible for virtually everyone to make a meaningful gift. Policies that are no longer needed for their original purpose can make excellent gifts when given to the Community Foundation. You can either designate the Community Foundation as the beneficiary, or you can gift the policy during your life and likely receive an immediate income tax deduction.

Retirement Assets

Like life insurance, retirement assets can be easily gifted to the Community Foundation at death. This can be done by changing the beneficiary designation for the retirement asset. In addition, you can reduce income taxes payable by your family - in addition to saving estate taxes - by giving retirement assets to the Community Foundation. For example, if you were to give a $100,000 IRA to your children at death and another $100,000 of assets to the Community Foundation, your children would have to pay income taxes on the IRA (in addition to any estate taxes that might be owed). By merely giving the IRA to the Community Foundation and the other assets to your children, all of the income taxes are avoided on the IRA. This income tax benefit can be important when planning the distribution of your pension, profit sharing, Section 401(k) and Section 403(b) plans and IRAs. Special rules apply to making charitable gifts of these assets during life. Please consult with your tax advisor and the Community Foundation about these rules.

Charitable Lead Trust

Similar to a charitable remainder trust, a charitable lead trust is established by you. The Community Foundation receives the current distributions from the charitable lead trust, with the remainder returning to you – or more typically being transferred to your family. These arrangements can be very useful in reducing the gift and estate tax costs of moving assets to your family and can sometimes be used to generate current income tax deductions.

Remainder Interest in Residence

Under the right circumstances, you can provide for the transfer of your home to the Community Foundation at your death and still live in your home. This technique can generate immediate income tax deductions for you, even though you remain in your home until death.

Please call the Community Foundation for Southeast Michigan at (313) 961-6675 to take advantage of the many opportunities a planned gift can provide you and your family.