



Gift Planning Quick Guide

Gift **How** and **Why**

Outright gifts	
Cash	Write a check or use a credit card. Easy to make; qualifies for an income tax charitable deduction for full amount of gift.
Securities	Typically, transfer to charity an appreciated asset (stocks, bonds) held for more than one year. Qualifies for an income tax charitable deduction for full fair market value; no capital gains tax payable on asset's appreciated value.
Closely held stock	Business owner gives stock to charity, then corporation may repurchase same stock. The fair market value of the stock qualifies for a charitable deduction; no capital gains tax.
Tangible personal property	Donate property to charity. Income tax charitable deduction for full fair market value if gift property used by charity for its exempt purposes (otherwise, deduction limited to adjusted cost basis). Qualified appraisals often necessary.
Life income plans	
Charitable gift annuity	Assets (usually cash or securities) donated to charity in exchange for fixed annuity payments. The gift portion of the donation qualifies for an income tax charitable deduction; part of payments may be tax-free return of principal; capital gains tax on the transfer is spread over the donor's life expectancy if donor is the annuitant.
Charitable remainder annuity trust (CRAT)	Set up trust that pays specific annual benefit for life of beneficiary(ies), or for a period up to 20 years; trust property transferred to charity when benefits end; usually funded with cash or securities. Qualifies for an income tax charitable deduction; spreads out capital gains tax over time when funded with long-term appreciated property.
Charitable remainder unitrust (CRUT)	Similar to CRAT, except income amount varies each year as trust assets are revalued; may be funded with cash, securities, and other assets. Same benefits as CRAT. Different funding and payout options (unlike a CRAT).
Revocable gifts	
Bequest	Use a will to direct property to a charity at death. Estate tax charitable deduction for the value of the gift; the donor retains lifetime use and control of property intended as a bequest.

Revocable living trust	Set up a trust that directs the disposition of assets, including gifts to charity; the trust can be revoked or changed. Minimizes costs and delays of probate; facilitates transfer of assets; plan is private, not public (unlike a will); continuity of asset management in the event of death or disability.
Retirement plan assets	Charity named as beneficiary of retirement plan assets (other arrangements also possible). This may have estate planning benefits, because income in respect of a decedent (IRD) is taxable to heirs but not to charities.
Other gifts	
Qualified charitable distribution (QCD)	IRA owners 70½ or over order a transfer from the IRA directly to charity. Money directed to a qualified charity is excluded from the donor's gross income for federal tax purposes (up to \$100,000), but counts towards the donor's annual required minimum distribution (RMD).
Donor advised fund	The donor makes an irrevocable contribution to a restricted fund maintained by a charitable organization. The full amount of the gift qualifies for a charitable income tax deduction; the donor may advise regarding fund distribution, but may not place material restrictions on the fund.
Retained life estate	A form of real estate gift in which the donor retains the right to live in the property for life. Qualifies for an income tax charitable deduction based on the present value of the remainder interest that will eventually go to charity.
Charitable lead trust (CLT)	Charity receives annual trust income; trust principal reverts to donor or beneficiaries at end of trust term. Qualified CLT may qualify for a gift tax or estate tax charitable deduction or for an income tax charitable deduction, depending on type of CLT.
Life insurance	Give a life insurance policy to charity, or designate a charity as beneficiary of the policy, or use a policy as a wealth replacement tool in tandem with a CRAT or CRUT. Possible income tax charitable deduction for the donated policy.

CHM

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

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The information provided is accurate, but depending on your particular circumstances, relying solely on this may have unintended consequences. We always encourage you to work with appropriate advisors when making tax and financial decisions.



CHM: NOW AND INTO THE FUTURE

From the telescope to the printing press to the steam engine, technological revolutions have always transformed the human condition. But never has there been a technological revolution set to change our world in pace, scope, and scale as the one in which we are currently immersed. Nonexistent only a lifetime ago, the forces of change brought on by the computing revolution are permanent, universal, and accelerating at an exponential rate. Great opportunities and great challenges have arisen on a scale never seen before.

This complex present and even more uncertain future requires a new citizenship—one that is equipped with knowledge, inspired by vision, and empowered to take action; one that values problem-solving, critical thinking, and collaboration; one that sets innovation and leadership in pursuit of equitable growth; and one committed to creating a sustainable future and improving the quality of life for this generation and the next.

CHM is in a unique position to empower people as catalysts for change inside our current technological revolution. CHM is using its extensive network and historical expertise amassed over four decades to promote a new citizenship for the digital age, bringing together companies and nonprofits, government leaders and policymakers, scholars and educators—because it will take all of us working together to build the future we envision.

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