



# Leaving a Legacy through Planned Giving

Leaving a Legacy through Planned Giving Planning for future contributions to the charitable cause of their choice allows donors to create a legacy and continue support of what they are passionate about in perpetuity. Several planned giving vehicles are available to facilitate creating a legacy – some of which also provide for an income stream to donors for their lifetimes. Types of contributable assets include appreciated stocks, real estate, or retirement planning vehicles like IRAs.

## BEQUESTS

Even though your life expectancy is many years or even decades away, you can create a special legacy for yourself and your family now by leaving a portion of your estate to a fund or an endowment at the Long Beach Community Foundation (LBCF). You include language in your will or trust designating a named fund at LBCF. On file at LBCF is a Memo of Philanthropic Intent outlining your chosen charitable beneficiaries. The fund is officially opened when funded through settlement of your estate, and LBCF will assure your wishes are carried out. Your bequest can be a specific amount or a percentage of your estate that will benefit your favorite charity or cause.

## LIFE INCOME GIFTS

Life Income Gifts are ideal for people who want to give an asset for charitable purposes while receiving income for the rest of their lives.

### 1. Charitable Gift Annuity (CGA)

- a. **What is it?** A CGA is an agreement where a donor makes a gift of liquid assets such as cash or stock, and a charity agrees to make fixed payments to the donor for life. The charitable beneficiary is identified by the donor. Payments are arranged by LBCF, and LBCF oversees the CGA.
- b. **How does it work?** Donors tell LBCF how much they would like to contribute to the annuity (minimum of \$50,000). LBCF outlines for donors the information on tax benefits of the gift and the amount of the donor's fixed lifetime payments. Depending on age and gender, average payment rates range from 6-9%. Note that donors 90 years and older can get a payout rate of up to 10%. Payments can be made to one donor or a couple.
- c. **Who is a good candidate for this?** The minimum age for receiving payment from a CGA is 65, although we also establish deferred CGAs for donors who are younger. This tool is ideal for older donors who have some savings in assets that



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can be easily liquidated (such as stocks, savings accounts, CDs, money market accounts) and who January 2012 Page 1 of 2 January 2012 Page 2 of 2 still want an income stream during their lifetime. It is also a tax-efficient tool for middle-aged donors who want to provide income for their parents and older relatives.

- d. **Did you know?** Most short-term money market, CD and savings account rates in today's market are less than 2%, whereas CGA rates for some qualified donors can be as high as 10%.

### 2. Charitable Remainder Trust (CRT)

- a. **What is it?** A CRT is similar to a CGA in that an agreement is made between donors who make a gift of cash or property and a charity that agrees to make payments, either fixed by amount or by percentage, to the donor for a fixed number of years or life. NOTE: This tool is more appropriate for donors who have larger and more complex assets not easily liquidated, such as real estate and business holdings.
- b. **How does it work?** Donors tell LBCF how much they would like to contribute toward the CRT (minimum of \$100,000). LBCF outlines for donors the information on the tax benefits of the gift and how much the donor would receive in payments over life or term of years. Payout rates vary, but typically range from 5-7%. After the CRT terminates, the remainder of the CRT is left for the benefit of the donor's chosen charity or charities.
- c. **Who is a good candidate for this?** No minimum age is required for establishing a CRT. This tool is ideal for donors who have real estate and/or business holdings and are exploring ways to give these assets to charity while maximizing income and tax benefits.

### RETAINED LIFE ESTATES

This is ideal for donors (typically older individuals) who have limited cash resources and own their homes. They care about certain charitable organizations and/or causes and would like to give their property while they are still living to take advantage of tax benefits. In exchange for gifting their property at the time of their demise, they retain the right to live in the house for the rest of their lives.