**PLANNED GIVING**

Planned giving is legacy giving through estate planning or special tax favored legal instruments and allows individuals to make larger gifts than they could make from ordinary income. Generally planned giving reduces tax impact on the donor's estate and at the same time supports a cause that is important to the donor.

Gifts can be cash, appreciated securities/stock, real estate, artwork, partnership interests, personal property, life insurance, a retirement plan such as an IRA, and specialized legal trusts.

**3 main types of planned gifts**

- First, *outright gifts* that use appreciated assets as a substitute for cash;
- Second, *gifts that return income or other financial benefits* to the donor in return for the contribution;
- Third, gifts *payable upon the donor's death*.

**Charitable Gift Annuities:**

Charitable gift annuities make fixed payments, starting either when the gift is made (an immediate-payment gift annuity) or at a later date (a deferred or flexible gift annuity). Charitable remainder unitrusts and annuity trusts are individually managed trusts that pay the beneficiaries either a fixed percentage of trust income or a fixed dollar amount.

**Tax benefits of planned gifts:**

- Donors can contribute appreciated property, like securities or real estate, receive a charitable deduction for the full market value of the asset, and pay no capital gains tax on the transfer.
- Donors who establish a life-income gift receive a tax deduction for the full, fair market value of the assets contributed, minus the present value of the income interest retained; if they fund their gift with appreciated property they pay no upfront capital gains tax on the transfer.
- Gifts payable to charity upon the donor's death, like a bequest or a beneficiary designation in a life insurance policy or retirement account, do not generate a lifetime income tax deduction for the donor, but they are exempt from estate tax.

**Starting a Planned Giving Program**

Start with the simple, straight-forward types of Planned Giving – Bequests. Donors agree to leave a portion of their estate to your nonprofit by including a bequest in their will. A good place to start is with long-time board members and/or donors who have a serious interest in your organization. These gifts can be undesignated and used for any purpose, or they can support a particular program or even an endowment.

Include a note about Planned Giving opportunities on your website in the donation area, in your annual report, and on Confirmation of Gift forms that you send to recognize contributions from donors.

Create a Gift Acceptance Policy with the help of the board or an attorney specializing in estate planning. This policy will clearly state what types of gifts your organization will accept such as cash, securities, life insurance proceeds, IRA distributions or other gifts easily converted to cash. The policy should also state what types of gifts the organization will not accept such as real estate due to potential that property is encumbered, art work (may or may not be acceptable), automobiles, boats or planes, businesses, etc.

Designate a contact person at your organization who will handle calls relating to planned gifts.

Develop a simple brochure or information piece that you can easily give or mail to a prospective donor that outlines the planned giving opportunities at your organization and includes your legal name and EIN number in case they need that information for their estate planner.

Consider creating a Legacy Society or Club that recognizes donors who have made arrangements for bequests.

Connect with an attorney specializing in estate planning to whom you can refer donors, or call with questions as they arise.

Additional Resources for information on Planned Giving:

The Planned Giving Design Center

PlannedGiving.com Whitepapers

Donor-Centered Planned Gift Marketing