

## Planned Giving Put in Perspective

I've been asked many times to explain the term planned giving. It's a confusing concept to those not familiar with it because it embraces several different planning strategies. Planned giving can be defined as; a plan for individuals to make ongoing or future gifts of cash or other assets to nonprofits and charities.

Below are some of the most common planned giving concepts. Since, there are variations to most of these techniques, anyone thinking about making a planned gift should consult with professional advisors.

### Bequest

One of the most common and easiest ways to make a planned gift is by bequest. A donor can simply include a provision in their will that directs a gift be paid to an organization after their death.

### Charitable Gift Annuity

Most anyone can make a gift to a nonprofit organization and, in return, receive an income for life. This income can also be made to two beneficiaries; for example, to a husband and wife. Upon the death of the last beneficiary, the remaining balance of the Charitable Gift Annuity is then paid to the organization.

### Charitable Remainder Trust

Similar to the Charitable Gift Annuity, this trust also pays the donor and/or other beneficiaries an income for life or for a predetermined period of time. When the trust terminates, it then pays the remaining balance to one or more nonprofit organizations.

### Charitable Lead Trust

This type of trust differs from a Remainder Trust in that it works in reverse. It provides an annual stream of income to a nonprofit organization and not the donor. When this trust terminates, the remaining balance is returned back to the donor or to the donor's heirs. The term of a Lead Trust can be for the lifetime of the donor or for a predetermined number of years.

## Life Insurance

There are several ways to use life insurance as a gift. The most common is by just naming a nonprofit organization as the beneficiary of a life insurance policy or you could simply give a fully paid-up policy to the organization.

## Retirement Plans

Anyone can name a nonprofit organization as the beneficiary of all or a portion of their IRA, 401k, or other retirement accounts.

These are brief descriptions of a few of the more common planned giving techniques. In most cases, financial, estate, and tax planning play a major role in determining the best technique to use. If you would like more information on any of these topics, please feel free to contact me.