

# Plan Now, Give Later

Flexible Plans that Make a Difference



## Gifts You Can Change

In estate and legacy planning, making decisions about the ultimate distribution of your assets is both rewarding and thought-provoking. Yet sometimes, your wish to adequately provide for loved ones *and* support favorite charitable organizations creates uncertainty that leads to inaction.

One way to meet the dual goals of helping heirs and supporting us is to consider planning a gift you can change. There are ways to plan now and give later that will let you arrange a meaningful, personally satisfying gift *and* keep lifetime control of the gift property. This leaves you free to use the property to meet personal needs, and you can change your mind about how you ultimately make your gift if new needs or goals emerge. Fortunately, these gifts are simple and relatively easy to plan, and you benefit from the peace of mind that comes from knowing your assets remain available and under your control.

The following are simple planning ideas that can lead to a highly flexible yet deeply satisfying gift arrangement.

### **Bank Accounts**

Accounts at your bank or credit union can be the source of gifts through a payable on death (POD) designation. By completing a simple form provided by your bank, you can designate that our organization will receive the funds in the account at your death. We have no access or right to the funds during your lifetime, and you can change the designation whenever you like.

A gift through a POD designation is a very easy fit for most estate plans. Often, bank accounts are not the main source of funding for reaching important goals. Consequently, this can be a simple way to make a gift that does not interfere with other estate distribution arrangements or needs.

### **Stock and Mutual Funds**

Can you plan a gift of securities and keep lifetime control of the gift? Yes! You can give stock and mutual funds through transfer on death (TOD) designations similar to the POD designations on bank accounts. This means that you can make a gift of stock (or other securities) by completing a simple TOD registration with your broker or the company issuing the stock. When you die, we receive the stock. During your lifetime, however, we have no rights, and you are free to change the designation.

Leaving appreciated stock to heirs can have important tax benefits that you should consider in your estate planning. Nonetheless, a TOD designation

for a particular stock—or perhaps a portion of your stock holdings—can be a satisfying way to make a substantial gift while you retain lifetime control of your portfolio.

### **Retirement Accounts**

A portion of your personal wealth—perhaps a significant portion—is likely held in some form of tax-deferred retirement account. Because contributions and earnings are not taxed, the IRS fully taxes distributions, whether to you or to your heirs.

When heirs receive a distribution from your tax-deferred retirement account, it is subject to income tax that reduces the amount they actually keep—an unpleasant “tax surprise” that significantly dilutes the inheritance you intended to leave. Consequently, if you want to make a gift to our organization and provide for loved ones through your estate plan, it makes sense to leave retirement assets to us (since they are never reduced by taxes when we receive them) and designate other assets to heirs (assets that are subject to favorable tax treatment, such as appreciated stock or life insurance policy proceeds).

If you name us the primary beneficiary of the retirement account, we are the first in line to receive the funds. You can also name us the contingent beneficiary, which means we receive the funds only if the primary beneficiary does not. Of course, you can always change your beneficiary designations if your needs or goals change. Contact us to learn more about why retirement account assets can be a tax-wise gift option as part of your overall estate plan.

### **Life Insurance**

When you purchase a life insurance policy, you name a beneficiary to receive the proceeds in the event of your death. Generally, these beneficiary designations are revocable, which means you can change the designation if you like.

Naming us the beneficiary of a life insurance policy is another easy way to set up a gift. Just ask the insurance company or your agent for the proper forms. As the policy beneficiary, we will receive the proceeds at your death, but we have no rights whatsoever to the policy during your lifetime.

You can name us as a primary beneficiary, contingent beneficiary, or a percentage beneficiary. As a percentage beneficiary, we receive less than the full amount—for example, you might leave 25% of the policy death benefit to us and 75% to a loved one.

## **Real Estate**

More than half the states in the U.S. allow transfer-on-death deeds for passing real estate (such as your house) on to another individual or charity. This means that you can select an individual or charity to receive the property at your death, but you retain all legal rights to the property during your lifetime. The benefit to this arrangement is that the property avoids the costs and potential delays of the probate process.

Setting up a transfer-on-death deed is relatively easy, with no associated liabilities or tax consequences. You can change or revoke the deed at any time. You can also name multiple beneficiaries, as well as a successor beneficiary (or beneficiaries) to receive the property if it cannot pass to the primary beneficiary. The beneficiary who receives the property inherits any associated mortgage or debt.

If allowed by your state, a transfer-on-death deed can be a satisfying way to make a meaningful gift that helps people and changes lives—perhaps a gift that is larger than you thought possible. Be sure to consult your advisor and make certain the deed is properly executed and a good fit for your estate planning.

## **Donor-Advised Funds**

For a growing number of charitably inclined individuals and families, donor-advised funds (DAFs) are an important and meaningful way to support organizations like ours. You make a contribution to the DAF, then later, under the terms of the fund, you recommend grants to qualifying charities like ours.

Donor-advised funds also allow you to name one or more charitable beneficiaries to the fund upon your death—similar to naming a beneficiary of a retirement account. If you elect to name us as beneficiary to the fund, we receive whatever assets remain in the fund at your death. Alternately, you can name a successor advisor (often a grown child or other family member) to continue making grants from the fund.

Contributions to a DAF are tax deductible and irrevocable. However, you retain the right to change the successor election during your lifetime.

### **PLANNING POINTER**

The options we have reviewed are all gifts that take place outside your will, meaning these assets pass on to the people or organizations you have designated regardless of the terms of your will. Nonetheless, any inconsistencies can result in confusion. Work with your advisors to avoid conflicts between gift designations and the terms of your will or living trust.

### **A Word About Your Will or Living Trust**

Designating a gift of cash, securities, real estate, or other property in your will or living trust is both meaningful and flexible, as you retain lifetime control of the gift asset for your personal use. There are many different ways to make a gift in your will or trust, including leaving us a percentage of your estate or what is left in your estate after all other obligations and goals have been met. Consult your attorney, and please let us know if we can provide additional information.

### **A Comfortable and Flexible Way to Give**

Planning a future gift that you can change is a comfortable concept that helps overcome planning concerns. It can be an ideal way to meet charitable goals while realizing important personal objectives. Please contact us if you feel you can use one of these options to designate a gift. We would like to thank you for your generosity, provide additional information for you and your advisor, and verify any interests or goals you have regarding how your gift is to be used.