

Sample Planned Giving Strategy:

CHARITABLE TAX PLANNING

A tax-efficient way to make charitable donations

If you are like many other individuals, you may have acquired sizeable assets over your lifetime that you would like to turn over in favor of other more profitable investments. An outright sale of the assets is an alternative, but would increase your income and estate taxes, leaving less for reinvestment for you or a charity you wish to support.

Charitable tax planning service

As a solution, we have created a CHARITABLE TAX PLANNING SERVICE designed for individuals interested in making tax-efficient donations through a Charitable Remainder Trust (CRT). The inherent financial benefits for funding a CRT include:

- Ability to sell appreciated assets without adverse tax consequences
- Current tax deduction
- Lifetime of income
- Significant gift to favorite charity

This service also provides peace of mind to individuals making a gift for charitable purposes and, if desired, the public recognition for philanthropy. The charitable organizations benefit from the knowledge of receiving a future gift in order to better plan future activities.

Eliminate capital gains tax

The CRT is a tax-exempt trust, which allows for the sale of highly appreciated assets such as securities or real estate. All assets transferred to or sold within the trust are considered tax-free transactions. As a result, you do not incur capital gains taxes and more assets remain in the trust to generate a larger income stream.

Tax deduction

One of the immediate benefits of funding a CRT is that you will receive an income tax deduction in the same year you make the contribution. The tax deduction can be used against all types of income: passive, portfolio or active. Upon distribution, estate taxes are avoided as the trust is outside your estate and the ultimate beneficiary is a charity.

Lifetime of income

Each year, the trust will pay you a specified amount. It can be a dependent on the value of the trust either initially or annually, or an amount equal to the total amount of dividends and income earned. The assets can be invested to provide both capital appreciation and income. Due to its tax-exempt status, all earnings within the trust compound tax-deferred, accelerating the asset value. And as the asset value of the trust increases, the amount of income you receive increases.

Tax-free inheritance

Through a CRT, your assets automatically go to specified charities. But what about leaving an inheritance to your heirs? There are several options that can be used in conjunction with a CRT to replace the gift asset, including an extension of the trust or the use of life insurance through a Wealth Replacement Trust.

A POWERFUL COMBINATION

The Charitable Remainder Trust and Wealth Replacement Trust combination is a powerful income, estate, and charitable tax planning tool. It is a “win-win-win” situation.

- You win by increasing current income and reducing income and estate taxes.
- Your heirs win by receiving a tax-free cash inheritance equal to the gifted asset.
- Charities you believe in win by receiving a future gift to help fund essential programs.

Trustee Services

The CHARITABLE TAX PLANNING SERVICE can provide efficient trustee services if the charity or donor is unable to serve as a Trustee.

Professional Management and Administration

The CHARITABLE TAX PLANNING SERVICE can relieve you of the responsibilities of managing investments and/or property. We provide a turnkey service including trusteeship, professional money management and administration. Our professional staff makes all of the investment decisions based on a strategy designed specifically for your trust. An experienced staff provides all of the administrative needs of the trust. Services include performance reporting, tax deduction calculation, trust valuation, income distribution and tax reporting.

Client service

We are available for personal meetings to discuss the implementation, management and administration of your trust. You will receive quarterly performance reports to keep you up-to-date on the results of your trust's investments. In addition, you will receive monthly custodial statements and copies of confirmations. We also provide a toll-free phone number to our client service department in case of questions or to determine the current value of your trust.

Expertise

Our organization specializes in charitable giving. We recognize that there is no such thing as a typical charitable plan. Programs must be tailored to meet your philanthropic desires and economic circumstances. We can provide information on your current circumstances and propose solutions to fit your needs. Some additional charitable opportunities your advisor can help you consider include:

- Charitable Lead Trust
- Charitable Gift Annuity
- Retained Life Estate
- Supporting Organization

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