

How To Avoid Accidental Disinheritance: Create a Will Today!

*Did you know that
80% of adult Americans
die without having a will?
Don't let the courts
decide how your
estate is divided.*

Reasons for Having a Will

1. To control disposition of your property at death.
2. To name a personal representative (an executor/executrix) to handle the settlement of your affairs according to your wishes.
3. To name a guardian for your minor children, aged parents, or other legal dependents, and at the same time to waive potentially costly bond and accounting requirements which would be imposed if you die without a will.
4. To establish a trust or trusts, naming trustee(s) of your choice. Trusts can be very effective and efficient in appropriate circumstances: to save taxes, to provide assistance in asset management, and to fulfill your objectives for your beneficiaries.
5. To save estate and inheritance taxes in light of the current tax law, as well as to reduce other expenses associated with death (court costs, attorney's fees, bond requirements, etc.).
6. To provide for a charitable nonprofit and the leave a legacy for future generations.

Charitable Giving by Will and Planned Giving Options

What is Planned Giving?

Planned Giving is a means of making a charitable gift part of a donor's overall financial, estate, tax and philanthropic planning, maximizing the benefits to both the donor and the charity, and often achieving significant tax savings.

Types of Planned Gifts

BEQUEST

The most common form of planned gift, a charitable bequest, is a written commitment in a will or living trust to transfer a percentage of an estate, a specific amount, or a specific property to charity. Charitable bequests are by nature, revocable, and so have no income tax consequences. They do however, avoid estate tax and so can cost family members a good deal less than the face amount of the bequest.

LIFE INSURANCE DESIGNATION

A donor makes a planned gift by adding a charity as a beneficiary of an existing life insurance policy. At death the policy pays the charity the designated amount free of estate tax.

IRA DESIGNATION

A donor names a charity to receive whatever remains of a retirement plan when the donor dies. This method has drawn increasing interest because of the growing size of retirement plans and their vulnerability to both income tax and estate tax. Because IRAs are usually funded with untaxed dollars, heirs are subject to income tax if they receive payments from their deceased parents' IRAs. This double tax may leave heirs with as little as thirty cents on the dollar from an IRA. If left to charity, the retirement plan avoids both estate tax and income tax.

GIFT ANNUITY

A gift annuity is a contract between a charity and a donor. In return for a donation of cash or other assets, the charity agrees to pay a fixed payment for life to the donor or to a friend or family member of the donor's choosing. The donor also can claim a charitable tax deduction. Income from a gift annuity can be deferred for a period of years and are often set up by younger donors to supplement retirement income.

POOLED INCOME FUND

A charity accepts gifts from many donors into a fund and distributes the income of the fund to each donor or recipient of the donor's choosing. Each income recipient receives income in proportion to his or her share of the fund. For making a gift to a pooled fund, a donor receives a charitable income tax deduction and will not have to pay capital gains tax if the gift is of appreciated property. When an income beneficiary dies, the charity receives the donor's portion of the fund.

CHARITABLE REMAINDER TRUST

This trust makes payments, either a fixed amount (annuity trust) or a percentage of trust principal (unitrust), to whomever the donor chooses to receive income. The donor may claim a charitable income tax deduction and may not have to pay any capital gains tax if the gift is of appreciated property. At the end of the trust term, the charity receives whatever amount is left in the trust.

CHARITABLE LEAD TRUST

This trust makes payments, either a fixed amount (annuity trust) or a percentage of trust principal (unitrust), to charity during its term. At the end of the trust term, the principal can either go back to the donor (a grantor lead trust) or to heirs named by the donor (a non-grantor lead trust). The donor may claim a charitable income tax deduction for funding a grantor lead trust or a charitable gift tax deduction for funding a non-grantor lead trust.

RETAINED LIFE ESTATE

A donor may make a gift of his personal residence or farm to charity and retain the right to live there for the remainder of his or her life. The donor receives an immediate income tax deduction for the gift. At the donor's death, the charity can use or sell the property.

When considering a planned gift, please seek charitable gift planning advice from professionals with expertise, and experience in law, investments, property, tax, and charitable transfers.

If you are interested in leaving a legacy through a planned gift, please contact the Champaign Parks Foundation Executive Director at (217) 398-2550.