



## Planned Giving

Planned gifts are typically intended to leave a legacy by the donor. While planned gifts can assume the form of gifts of cash or securities, they typically are made in the form of will bequests, charitable trusts and gift annuities. The intended purpose of the gift can be to endow a scholarship or faculty chair, to support a specific academic program or cultural organization or series, or for “bricks and mortar” purposes.

The essential part of a planned gift to Our House or any philanthropy transcends the method of giving. The intent behind the gift -- the determination to make a significant difference in a child’s education or in the life of a family -- creates a legacy that will keep the donor’s generosity alive and vibrant, and help to assure an ongoing future for Our House.

Some feel that planned giving is only for the wealthy. However, anyone can enhance their capacity to give through careful consideration. The prospective donor can gain significant benefits through appropriate gift planning, including making gifts that pay income for life or passing property directly to heirs without passing through, and being taxed as part of, an estate.

### Types of Planned Gifts

#### Bequest in a Will:

Outright bequests, as well as certain bequests in trust, are not subject to estate taxes. Bequests can take any of the following forms:

- (a) a bequest of a dollar amount, particular securities or other property;
- (b) a residual bequest of all or a portion of an estate after payment of specific amounts to other beneficiaries; and
- (c) a contingent bequest to take effect if beneficiaries die before the testator.

A bequest can often be arranged simply with the addition of a codicil amending an existing will.

#### Life Income Trusts:

Assets are placed in a trust and the donor retains the right to designate the income beneficiary. At the end of the trust, the remainder goes to Our House. Tax deductions depend upon the value passed to Our House. The advantage of life income trusts is there is flexibility in the type of property that can be donated and it can provide a fixed amount of income (Charitable Remainder Annuity Trust) or a variable level of income (Charitable Remainder Unitrust).

## **Charitable Lead Trusts:**

Assets are placed in a trust and Our House receives income for a period of time. Assets are then returned to the donor or other beneficiary at end of the designated period. With a Charitable Lead Trust, a donor can fulfill a gift pledge while reducing estate and gift taxes that might otherwise accrue on assets passing to heirs.

## **Life Insurance:**

If you have a life insurance policy that your heirs do not need, you can make Our House the designated beneficiary of the policy. Policy proceeds are deductible for your estate tax purposes. You may also receive a current income tax deduction for the premiums paid by making Our House the owner of a policy.

## **Bequest in a Will:**

Outright bequests, as well as certain bequests in trust, are not subject to estate taxes. Bequests can take any of the following forms:

- (a) a bequest of a dollar amount, particular securities or other property;
- (b) a residual bequest of all or a portion of an estate after payment of specific amounts to other beneficiaries; and
- (c) a contingent bequest to take effect if beneficiaries die before the testator.

A bequest can often be arranged simply with the addition of a codicil amending an existing will.

## **Qualified Benefit Plans:** (including individual retirement accounts and 401K plans):

When IRA assets are given through an estate, the value is included in the estate's assets but the full charitable deduction offsets the value so no estate tax is due. If IRA assets are left to heirs, they can be subject not only to estate tax but also to income tax, thereby consuming a significant portion of the IRA's value.

Consider making Our House the beneficiary of your qualified benefit plan, thereby avoiding both the income and estate tax which would otherwise be payable on these benefit plans.

**Remember, donors should consult with their own financial and tax advisors before finalizing gifts.**

If you would like more information about making a planned gift to Our House, contact:

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