



CHARITABLE GIVING PLANS

ENDOWMENT FUNDS

A memorial, or endowment fund, is an enduring tribute to a spouse, family member or loved one. You make a gift to the Presbyterian Foundation which invests your gift and pays the income in perpetuity to the charitable beneficiary you named in your gift agreement. The fund can be established during your lifetime or through a bequest. You or your heirs can also contribute additional gifts to the fund after it is established.

Through an endowment fund, you can provide continuous financial support for a variety of mission activities. Select those important to you or a program or mission much loved by the person being memorialized or honored. From evangelism to peacemaking, to music and education, supporting an important ministry through an endowment fund is a lasting legacy to one's faith and love.

DONOR-ADVISED FUNDS

The Foundation's Donor-Advised Fund, offers a unique giving opportunity. It is especially appealing to individuals who are interested in staying involved in the giving process.

Through an irrevocable gift to the Foundation, a Donor-Advised Fund allows the donor to make periodic "advisory recommendations" for the charitable distributions from the fund. A fund is sometimes established with family

Donor-Advised Fund

- Flexibility to support a variety of programs and agencies
- Ability to recommend distribution of principal, in whole or in part, to meet immediate needs of the charities you support
- Avoidance of cumbersome responsibilities associated with creation of a private foundation

members serving as advisors to make recommendations for the fund's grants. This family involvement can provide the opportunity for sharing personal values, evaluating charitable mission needs, and establishing priorities for your witness to others — in effect, it can shape a culture of giving for your family.

A Donor-Advised Fund may also offer tax advantages. Appreciated assets used to establish the fund may be deductible at the current fair market value and will bypass capital gains tax liability.

DIRECT GIVING

Direct giving or outright gifts can be given at any time. As part of your estate planning, you should include any considerations you may want to make toward your church or other charity during your lifetime. This may help you realize stewardship goals and may also offer beneficial tax deductions as well.

APPRECIATED SECURITIES

Gifts of appreciated securities may offer the benefits of reduced tax liability while furthering a charitable goal. Using appreciated securities that you have held for over one year to make a charitable gift may avoid the long-term capital gains tax and possibly allow you to deduct the full fair market value of the stock. To achieve this result, shares must be transferred to the charity, not sold, redeemed or exchanged. If they are sold from your account, the gift becomes a cash gift rather than a gift of securities and you will personally realize the capital gains.

CHARITABLE TRUSTS

CHARITABLE REMAINDER TRUSTS

A charitable remainder trust is a way to make a future gift to the Church or its mission while receiving income during your lifetime. The trust may also offer certain tax advantages.

A charitable remainder trust involves an irrevocable transfer of assets to a trustee and the creation of a trust agreement. The trustee manages assets and makes payments to the income recipient.

You can designate yourself as the income recipient or one or more other recipients. At the termination of the trust (either at death or a set term of years) the remaining trust assets are used to support the work of the Church as you designate.

There are two types of charitable remainder trusts, annuity trust and unitrust. The primary difference is how trust payments to you are calculated.

Reasons to consider a charitable trust

- Increase income
- Obtain income tax deduction
- Realize capital gain over time, not at once
- Diversify investment holdings
- Minimize transfer taxes (gift, estate)
- Provide support for a charitable beneficiary you select

CHARITABLE LEAD TRUST

A charitable lead trust* is appealing to individuals who may be subject to a large estate tax. The donor establishes and funds an irrevocable trust. The charitable beneficiary named by the donor receives payments from the trust, usually for a set term of years. At the end of the term, the trust assets are returned to the donor's estate or passed on to heirs.

The trust payments to the charitable beneficiary can be a fixed dollar amount or a fixed percentage of the fair market value of the trust assets as revalued each year. The term of years can also be determined to achieve a near 100 percent charitable gift tax deduction when the trust is established.

The charitable lead trust is another example of an estate planning vehicle worth discussing with your estate planning team. It is a way of passing assets to family members at reduced or no gift tax cost while fulfilling your stewardship goals.

EXAMPLE: TRUST GIFT

At age 64, Susan decides it is time to sit down with her accountant and examine her estate plans. Susan had always wanted to make a difference in the quality of life of other aging Presbyterians, yet making an outright gift was not feasible. Susan owned securities purchased for \$30,000 currently valued at \$300,000. Susan decided to use these securities to fund a charitable remainder trust, providing herself an annual 6 percent payment, much more than she was receiving from dividends on the securities. She is also able to claim a charitable contribution on her tax return and avoids immediately realizing long-term capital gain. The trust will ultimately benefit a Presbyterian retirement home.

The materials provided in this guide are examples of a general and informative nature, and do not constitute advice, legal or otherwise. Through careful estate planning, you can attain your objective for providing for loved ones as well as for Presbyterian mission and ministry. Please consult with your attorney or advisor for financial and estate planning advice before you take any action.