GIFTS DONE NOW

Outright gifts to a charity or to an established fund at the Rochester Area Foundation.

- Cash
- Securities
- Real estate

GIFTS DONE LATER

Gifts arranged for after death through legal agreements.

- Life Insurance
- Bequest
- Beneficiary Proceeds
- Trust Proceeds
- Life Estate Reservations

GIFTS THAT PAY BACK

Providing ongoing income stream through your lifetime.

- Charitable Gift Annuity
- Charitable Remainder Unitrust
- Testamentary Trust

Guide For Giving

Rochester
Area Foundation

	DESCRIPTION	ADVANTAGES
Direct Donation	Cash or property donated to a public charity or community foundation.	• Immediate benefit to charity • No associated costs • Current income tax deduction normally allowed
Charitable Bequest	As a part of a will, a charitable bequest specifies a particular asset, or fixed dollar amount, or percentage of estate be given to a charitable organization upon donor's death.	• Revocable at any time • Gives donors access to assets until death • Unlimited tax deduction for the estate
Donor-Advised Fund	Public charity that pools donations with other donors' gifts and invests them; fund makes grants to charitable recipients upon recommendation of donor.	• Contribution usually fully deductible each year • Account can be named • Flexible giving in future years • Can give anonymously • Fees and expenses are low • Consolidated charitable giving • Can establish legacy with successors to account
Charitable Gift Annuity	In exchange for assets, a charity guarantees to pay a specified life income payment to beneficiaries. The charity receives the remainder at death of the beneficiaries. No additional gifts are allowed.	• Fixed amount of income provided each year for life • Part of income is a tax-free return of principal • The charity receives the remaining assets at income beneficiary's death • A portion of contribution deductible in current year
Charitable Remainder Annuity Trust	Donor and/or other beneficiaries receive payments of a fixed amount determined when the trust is established. No additional gifts to the trust are allowed.	• Portion of contribution deductible in current year • Annual income for donor or other non-charitable beneficiary • The charity receives remaining assets at income beneficiary death or trust termination • Fixed income each year • Can be for lifetime or for term of years not to exceed 20 years • Trust is normally tax-exempt
Charitable Remainder Unitrust	Donor and/or other beneficiaries receive a fixed percentage of the value of the trust's assets valued annually. The charity receives remainder of trust at income beneficiary's death or trust termination.	• A portion of contribution deductible in current year • Income for the donor or other non-charitable beneficiary • Charity receives remaining assets at income beneficiary's death or trust termination • Trust is normally tax-exempt • Can be for lifetime or term of years, not to exceed 20 years
Charitable Lead Trust	Assets are placed in trust, charity receives payment, property is eventually returned to the donor, donor's descendants or other non-charitable beneficiary.	• Assets may be passed on to heirs • Generates income for charity during donor's lifetime or over a specified number of years • Can provide gift, estate and generation-skipping tax advantages

DISADVANTAGES	GENERAL TAX RULES	DONOR INCOME
• Donor needs to research and choose specific charities before year-end • Deduction is subject to AGI restrictions • Some charities are not equipped to accept securities • Donor receives no income from assets	• Income tax deduction for amount of cash donation up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, up to 30% of AGI • Estate tax liability reduced	No
• No immediate tax benefit • Bequest must be paid from estate • Probate adds costs, delays, and complexity	• Estate tax deduction for value of donation	Yes, until death when assets are given to charity
• Deduction is subject to Adjusted Gross Income (AGI) restrictions • Final authority to make grants rests with Foundation Trustees • Donor receives no income from assets	• Income tax deduction for amount of cash donation limited up to 50% of AGI • Generally, deduction for full market value of long-term property with no capital gains tax paid, limited up to 30% of AGI • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated assets	No
• Charity liability for annuity: If the charity has financial difficulties, the income beneficiary may not receive income • Deduction is subject to AGI restrictions • Transfer of long-term appreciated assets gives rise to tax liability to donor	• Current income tax deduction for actuarially determined value of gift ultimately passing to charity • Estate tax liability reduced • Reduce capital gains tax liability for gifts of long-term appreciated assets • Annuity principal is returned to donor tax-free as portion of each annuity payment over term of the annuity	Yes, fixed
• Deduction is subject to AGI* restrictions • Income-to-income benefits are generally taxable • Must have individual or institutional trustees • Cannot accept additional donations • More complex to establish and fees are generally higher than some alternatives	• Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets	Yes, fixed
• Deduction is subject to AGI restrictions • Income-to-income benefits are generally taxable • More complex to establish and fees are generally higher than some alternatives • Must have individual or institutional trustees • Some CRTs cannot accept future donations	• Current income tax deduction for actuarially determined value of gift ultimately passing on to charity • Estate tax liability reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets	Yes, variable
• Tax treatment is complex • More complex to establish and fees are generally higher than some alternatives	• Income tax benefits vary depending on type of trust • Estate or gift tax liability may be reduced • Avoid capital gains tax for gifts of long-term appreciated capital assets	No, original asset reverts back to remainder beneficiary, can be donor

*AGI = Adjusted Gross Income

People give for many different reasons. The following questions are designed to help you focus your thoughts about your giving style and what giving means to you.

Imagine you are telling friends and family about why you give – what would you tell them?

_____
_____
_____

What organizations/institutions have influenced you during your life? Is there a commonality?

_____
_____
_____

What are the issues, concerns, needs either locally, nationally or globally that are on your mind most frequently?

_____
_____
_____

Think of charities that you have given to in the past, what do you admire about them? What about those that you were not so pleased with, what is the difference between these charities and the ones you admire?

_____
_____
_____
_____

What would you like to accomplish with your giving?

_____
_____

How would you like to see the gifts to your selected charities used? Do you prefer helping general operational costs, program costs, long-term endowed giving?

_____
_____
_____

Now that you have considered your giving style and preferences, take the next step and call the Rochester Area Foundation to set up your charitable giving plan. We can help.

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