



Eder Financial

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PLANNED GIVING GUIDE



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INTRODUCTION

Welcome to Eder Financial's **Planned Giving Guide!**

Inside, you'll find valuable information about the most common types of planned gifts, including specific elements that make each type unique.

You'll learn about the benefits of each type of planned gift and its payment structure, as well as how to determine what makes a planned gift the right match for a specific donor.

The **Planned Giving Guide** is one of the companion tools designed to accompany the **Planned Giving Video** in the Nonprofit Toolkit training series.

WHAT IS A PLANNED GIFT?

A **planned gift**, also called a **deferred gift**, is a significant charitable contribution that a donor provides to your organization as part of their estate and financial planning –

- Planned gifts provide donors with flexibility and control over their charitable plans and financial goals. Donors can also benefit from potential tax advantages.

TYPES OF PLANNED GIFTS

The types of planned gifts vary, depending on how the donor establishes the charitable gift and the goals the donor wants to achieve for themselves and the charity.

Examples of planned gifts include –

- Unused retirement assets (IRA, 401(k), 403(b), pensions)
- Marketable securities (stocks, bonds, mutual funds)
- Life insurance policies
- Property/real estate
- Cash amounts
- Other types of assets

PLANNED GIFTS & CHARITABLE DONATIONS

Planned gifts are different from *annual or major gifts* because planned gifts are often much larger than standard donations –

- Planned gifts are also strategically designed for reciprocal benefits, favoring *both donors and charities*.

PLANNED GIVING VEHICLES

Planned giving vehicles, or the way that a *deferred gift* is distributed to a charity, are **not one-size-fits-all** –

- In fact, there are several types of planned giving vehicles, many of which have specific tax advantages, life income options, flexible funding methods, legacy considerations, and more.

BENEFITS & FEATURES

Sharpen your planned giving skills with the following important **Benefits and Features**.

ONE-PAGE OVERVIEWS

The **Planned Giving Guide** contains *uniquely-colored One-page Overviews* to help you remember the most common types of planned gifts –

- *Charitable Remainder Unitrust*
- *Charitable Remainder Annuity Trust*
- *Charitable Lead Trust*
- *Donor Advised Fund*
- *Endowment*
- *Immediate Charitable Gift*

One-page Overviews enable you to compare planned gifts across the *same categories* –

- **Plain Language Definitions** – Learn the most important aspects of each planned gift with descriptions that are easy to read and understand.
- **Payment Methods** – Find payment terms and timelines for each planned gift.
- **Benefit Summaries** – Identify unique attributes of each type of planned gift, summarized for easy reference.
- **Match Criteria** – Use specific criteria to determine when a specific planned gift will be a good fit for a donor, or when it won't.
- ✓ **Save time and clear up confusion** by comparing “apples-to-apples” categories for each planned gift, understanding what makes each type unique.
- ✓ **Become a valuable donor resource** by helping donors understand which types of planned gifts would be best suited to them and why.

QUICK-REFERENCE TOOLS

The **Planned Giving Guide** includes several **Quick-Reference Tools** so you can effortlessly find the information you need, including –

- **Frequently Asked Questions (FAQs)** – Take the guesswork out of answering common questions about charitable gift annuities with this handy tool.
- **Charitable Gift Options - Decision Process** – Help donors decide which type of planned gift will best meet their goals with this *easy-to-use* decision tree.
- **Planned Gift Options** – Keep track of each type of planned gift, prominently displayed in the colored box on every **One-page Overview**.
- **Contact Details** – Have questions or want more information? Just look for the **brown box** on each **One-page Overview** to get started using contact information to quickly reach our team.

We hope that you enjoy Eder Financial's **Planned Giving Guide** and look forward to serving you now and in the future!

If you have questions, need assistance, or want to share your feedback, please let us know. We'd love to hear from you!

Thank you for entrusting us to walk with you along your charitable giving journey.

Sincerely,

The Eder Financial Team
888-311-6530 | OI@eder.org



Planned and Deferred Gift Options

When you have a giving heart, it can be challenging to balance your unique goals, family needs, financial circumstances, and philanthropic pursuits.

Fortunately, you have many options for planned and deferred gifts that enable you to control how your donations are distributed.

- *Whether you want to provide income for yourself or a loved one, or would prefer flexible tax considerations or funding options, there's likely an option to meet your unique needs.*

The materials in this educational packet will help you to –

- ✓ Compare various planned and deferred giving options to choose the one that's right for you
- ✓ Have meaningful conversations with your financial adviser, accountant, and attorney about planned giving
- ✓ Learn how each type of giving option will enable you to achieve your goals
- ✓ Minimize the taxes you pay, and decide how your money impacts the world or your community, rather than elected officials deciding for you
- ✓ Understand how irrevocable gifts can help you to realize your dreams and accomplish your goals
- ✓ Impact the mission and vision of a non-profit organization that stirs your soul



With a Grateful Heart,

Dan Radcliff

***Director, Eder Organizational
Investing & Deferred Gifts***

Dear Friend,

I invite you to engage with your local advancement or development team to discuss how your goals and theirs might align with a planned or deferred gift.

Your financial adviser, attorney, and accountant will also have keen insights to share regarding your specific circumstances.

If you have any questions or need more information, please contact me, and I'll be glad to help.

I look forward to hearing from you!

CHARITABLE REMAINDER UNITRUST



WHAT IS A CHARITABLE REMAINDER UNITRUST (CRUT)?

A Charitable Remainder Unitrust (CRUT) pays noncharitable beneficiaries a fixed percentage of the value of the trust each year, or other payment terms.



HOW DO CRUT PAYMENTS WORK?

In general, payments must equal at least 5% of the fair market value of the assets valued annually ~

- ✓ The payments continue for a specific term of up to 20 years, or the life of one or more beneficiaries.
- ✓ At the end of the payment term, the remainder of the trust, which is required to be at least 10% of the original fair market value (FMV), passes to one or more qualified U.S. charitable organizations.



A CRUT WORKS BEST IF YOU...

- ✓ Are interested in market-influenced income solutions and have cash or appreciated assets.
- ✓ Want to transfer cash or other liquid securities into an irrevocable trust.
- ✓ Want a charitable fund that can receive funding in multiple rounds, or years.



WHAT ARE THE BENEFITS OF A CRUT?

A CRUT provides market influenced income generated by investing the balance of your trust ~

- ✓ You or a loved one will be able to receive payments during your life or their life, while allowing you to direct the remaining balance to your favorite causes.
- ✓ You can transfer appreciated assets without paying capital gains taxes.



A CRUT MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Are seeking a fixed income.
- ✓ Are NOT comfortable with an irrevocable trust.
 - Once the CRUT's terms are set, and you sign on the dotted line, you won't be able to change your mind.

For more information, please email or call our experts ~

Dan Radcliff

*Director, Organizational Investing
and Deferred Gifts*
OR

Lindsay Cart-Turner

*Operations Manager, Organizational
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Other Giving Vehicles to Consider

- ✓ Charitable Remainder Annuity Trust
- ✓ Charitable Lead Trust

- ✓ Donor Advised Fund
- ✓ Endowment
- ✓ Immediate Charitable Gift

CHARITABLE REMAINDER ANNUITY TRUST



WHAT IS A CHARITABLE REMAINDER ANNUITY TRUST (CRAT)?

A Charitable Remainder Annuity Trust (CRAT) is ideal for someone with cash or appreciated securities.

- ✓ A charitable remainder annuity trust (CRAT) pays a specific dollar amount each year to any designated income beneficiary, as specified upon the trust's inception.



HOW DO CRAT PAYMENTS WORK?

The payment amount is at least 5% of the value of the corpus (property in the trust) when the trust is established.

- ✓ At the end of the payment term, the remainder of the trust passes to one or more qualified U.S. charitable organizations.
 - The remainder of the trust is required to be at least 10% of the original fair market value (FMV).



A CRAT WORKS BEST IF YOU...

- ✓ Are interested in fixed income during a defined lifetime.
- ✓ Want to leave the remaining balance of your trust to charitable organization(s) of your choice.
- ✓ Want to transfer cash or other liquid assets into an irrevocable trust.



WHAT ARE THE BENEFITS OF A CRAT?

With a CRAT, you'll be able to direct fixed payments during the lifetime of your designated income beneficiary.

- ✓ A CRAT will also allow you to leave the remaining balance to your favorite cause.
- ✓ You can transfer appreciated assets without paying capital gains taxes.



A CRAT MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Are NOT seeking a fixed income.
- ✓ Don't want to experience lost purchasing power over the life of the trust, based on the time value of money.
- ✓ Are NOT comfortable with an irrevocable trust.
 - Once the CRUT's terms are set, and you sign on the dotted line, you won't be able to change your mind.

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CHARITABLE LEAD TRUST



WHAT IS A CHARITABLE LEAD TRUST (CLT)?

After selecting your charitable beneficiary, the Charitable Lead Trust (CLT) automatically makes charitable donations out of the trust for the term of the trust.

- ✓ These charitable donations can be variable or fixed in amount.
- ✓ When the term period expires, the remaining CLT balance goes to the non-charitable beneficiary, which is most frequently a family member.



HOW DO CLT PAYMENTS WORK?

A CLT is usually for \$1,000,000 or more.

- ✓ High net-worth donors typically employ CLTs.
 - Their complex estates may face gift or estate taxes.



A CLT WORKS BEST IF YOU...

Would like to set aside money so that a designated charitable beneficiary receives income for the term of the trust, or during your lifetime.



WHAT ARE THE BENEFITS OF A CLT?

A CLT enables you to provide financial benefits to a charitable beneficiary of your choice.

You can also receive a potential tax benefit during your lifetime.

- ✓ Upon reaching the term or life limits, you will still be able to leave a financial legacy to your loved ones.
- ✓ Tax treatments may benefit either the grantor or non-grantor depending on circumstances.



A CLT MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Or your heirs need to access funds before the term of the trust has ended.
 - Funds are only released to you, or your chosen non-charitable beneficiary, at the defined end of the term or at the time of your death.
- ✓ Are NOT comfortable with an irrevocable trust.
 - Once you agree to the CLT's terms, you won't be able to change your mind.

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DONOR ADVISED FUND



WHAT IS A DONOR ADVISED FUND (DAF)?

A Donor Advised Fund (DAF) enables you to donate to one or more of your favorite charitable causes.

- ✓ You'll be able to see the current impact of your donation and also have the ability to name up to one more generation of successor advisers.
- ✓ You can also qualify how the recipient will be able to use your donation.



HOW DO DAF PAYMENTS WORK?

You influence the strategy of how your gift is invested and donated to your charitable organization.

- ✓ A DAF is flexible to enable contributions and distributions at any time, as opposed to only at formation, or at death.
- ✓ You define and reorient directives for your money when you want.
- ✓ You avoid capital gains taxes on the transfer of appreciated assets.



A DAF WORKS BEST IF YOU ...

- ✓ Have considered a private foundation but don't want to incur the costs and invest the extra time to create it.
- ✓ Want the opportunity to see the direct impact of your donations during your lifetime.
- ✓ Would like the ability to affect future donors.



WHAT ARE THE BENEFITS OF A DAF?

A DAF operates in a similar capacity as a private foundation but avoids the expenses and administrative burdens.

A DAF provides many advantages, which include enabling you to -

1. Realize tax benefits on your terms.
2. Recommend donations on your terms.
3. See the impact of your giving during your lifetime.
4. Establish a legacy of giving without the cost of a family foundation.
5. Choose your donation recipient.
6. Qualify how the recipient can use your donation.



A DAF MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Are seeking income from the DAF.
- ✓ Do NOT want options to name multiple successors, including family members, non-profit grant recipients, or endowed giving arrangements.

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ENDOWMENT



WHAT IS AN ENDOWMENT?

An Endowment is a restricted gift agreement between you and a charitable organization.

- ✓ Your endowment either provides perpetual income to the charitable organization, or it achieves a mutually agreed upon purpose.
- ✓ Endowments can be funded over time and by multiple parties.

Examples include -

- Distributing a lump sum payment to the endowment over a 10-year period.
- Multiple parties contributing to the same endowment over a specific period of time, such as five years.



HOW DO ENDOWMENT PAYMENTS WORK?

A modern endowment can usually be made viable with \$100,000 or more.

- ✓ To provide the most to your charitable organization, the corpus, or original gift that funded the endowment, needs to be large enough to generate earnings and account for inflationary pressures.



AN ENDOWMENT WORKS BEST IF YOU ...

- ✓ Wish to leave a named legacy so your favorite charitable organization receives income in perpetuity, or achieves a transformational goal.

- ✓ Want a potential income tax deduction in the year of donation if you itemize your taxes.



WHAT ARE THE BENEFITS OF A PERPETUAL ENDOWMENT?

The corpus, or restricted principal donations, is preserved, while income/growth accumulates on the investment.

- ✓ This benefit provides a perpetual stream of income, or defined gift, to your favorite charitable organization.



AN ENDOWMENT MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Want to generate income or another personal/familial benefit.
- ✓ Are NOT comfortable with establishing the endowment goals at inception without ever altering them.

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IMMEDIATE CHARITABLE GIFT



WHAT IS AN IMMEDIATE CHARITABLE GIFT (ICG)?

An outright gift, also known as an Immediate Charitable Gift (ICG), is a **one-time** gift of cash and other liquid assets.

- ✓ An ICG requires you to name the charitable recipient(s) and further specify the purpose of the gift.
- ✓ Either cash (check) or liquid securities transfers, such as stocks/bonds, can fund an ICG.



HOW DO ICG PAYMENTS WORK?

- ✓ Eder Deferred Gifts (EDGI) will provide you, as the ICG donor, with a gift acknowledgment letter.
- ✓ For an ICG funded by transfer of securities, the assets must have a fair market value of at least \$25,000 at the time of transfer.



AN ICG WORKS BEST IF YOU ...

- ✓ Want to provide an anonymous gift.
- ✓ Would like to donate appreciated securities, as opposed to cash.
- ✓ Wish to forgo paying capital gains taxes but still retain the right to deduct the entire fair market value.
 - By directly transferring the asset, you will be able to deduct the market value of the donation, while also avoiding capital gains taxes on the appreciated asset.



WHAT ARE THE BENEFITS OF AN ICG?

- ✓ If you are over age 70½, you can directly transfer a traditional IRA Rollover tax-free.
 - This transfer can be used to satisfy your required minimum distribution (annual limit of \$108,000 per IRA owner)*.
- ✓ You'll receive a tax benefit when donating appreciated assets.
- ✓ This is also called a Qualified Charitable Distribution



AN ICG MIGHT NOT BE THE BEST FIT IF YOU ...

- ✓ Want to give more regularly, rather than through a one-time gift.
- ✓ Are looking for an income benefit, which an ICG doesn't provide.

* Generally, you need to start taking withdrawals from your IRA, SIMPLE IRA, SEP IRA, or retirement plan account when you reach age 73.

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CHARITABLE GIFT ANNUITY FREQUENTLY ASKED QUESTIONS (FAQS)

HOW MUCH DO I NEED TO FUND A CHARITABLE GIFT ANNUITY?

A charitable gift annuity (CGA) starts at a minimum of \$25,000.

- ✓ However, you can establish an annuity with much more using cash, stocks, bonds, or other means.

WILL THE CHARITABLE GIFT ANNUITY GUARANTEE THAT I'LL RECEIVE INCOME FOR LIFE?

Yes! Your organization will guarantee that you receive annuity payments at a fixed rate for the rest of your life.

- ✓ You may start receiving payments immediately or defer them.
- ✓ You can also receive the payments yourself, take them jointly with another person, or designate someone else as a recipient.
- ✓ Payments are sent quarterly, semiannually, or annually, as you request.
- ✓ You can also recommend dividing remainder assets across multiple charitable beneficiaries.

CAN I DEDUCT A CHARITABLE GIFT ANNUITY FROM MY INCOME?

Maybe! If you itemize your income taxes, you'll be entitled to an income tax deduction in the year you make your gift.

- ✓ A portion of your future annuity payments may be tax-free.

HOW DO I ESTABLISH A CHARITABLE GIFT ANNUITY?

It's easy! Contact the gift officer at your local

favorite nonprofit to inquire if they offer Charitable Gift Annuities.

- ✓ Eder Financial supports nonprofits in growing their CGA programs. From providing financial illustrations to administering the back-office work, Eder makes CGAs easy for nonprofits and their donors.
- ✓ You won't be charged legal fees or any other costs.

WILL I AVOID PAYING CAPITAL GAINS TAXES?

Likely Not! Charitable gift annuities typically defer capital gains taxes and spread them out over a longer period.

ARE PLANNED GIVING OPTIONS EASY TO UNDERSTAND?

Yes! When you have a heart to give but aren't familiar with the process, you'll appreciate the simplicity of a Charitable Gift Annuity offers as an introductory point to tax-advantaged giving.

HOW WILL INFLATION IMPACT MY CHARITABLE GIFT ANNUITY?

You are very wise to consider the impact inflation might have on your purchasing power.

- ✓ You may be glad to know that gift annuities provide the same dollar amount in the first payment as in the last payment.

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CHARITABLE GIFT OPTIONS - DECISION PROCESS



This image shows a blank page from a notebook or ledger. The page has a light beige background. In the top right corner, there is a dark teal triangular tab with the word "Notes" written in white. The main body of the page is filled with horizontal white ruling lines. At the bottom right, there is a dark red footer bar containing the number "15".



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