



**Gift Plans and Strategies Every Advisor Can Suggest to Clients...  
to support your annual fund, capital campaign and planned gift program**



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Charitable Estate and Gift Planning Specialists**



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## Philanthropy has many faces

n	<b>Communitarian</b>	<b>26%</b>	
n	<b>Devout</b>	<b>21%</b>	
n	<b>Investors</b>	<b>15%</b>	
n	<b>Socialites</b>	<b>11%</b>	
n	<b>Repayers</b>	<b>10%</b>	
n	<b>Altruists</b>	<b>9%</b>	
n	<b>Dynasts</b>	<b>8%</b>	

Source: Russell Prince study

Gift Plans and Strategies for Advisors to suggest to their clients

Personal Concerns

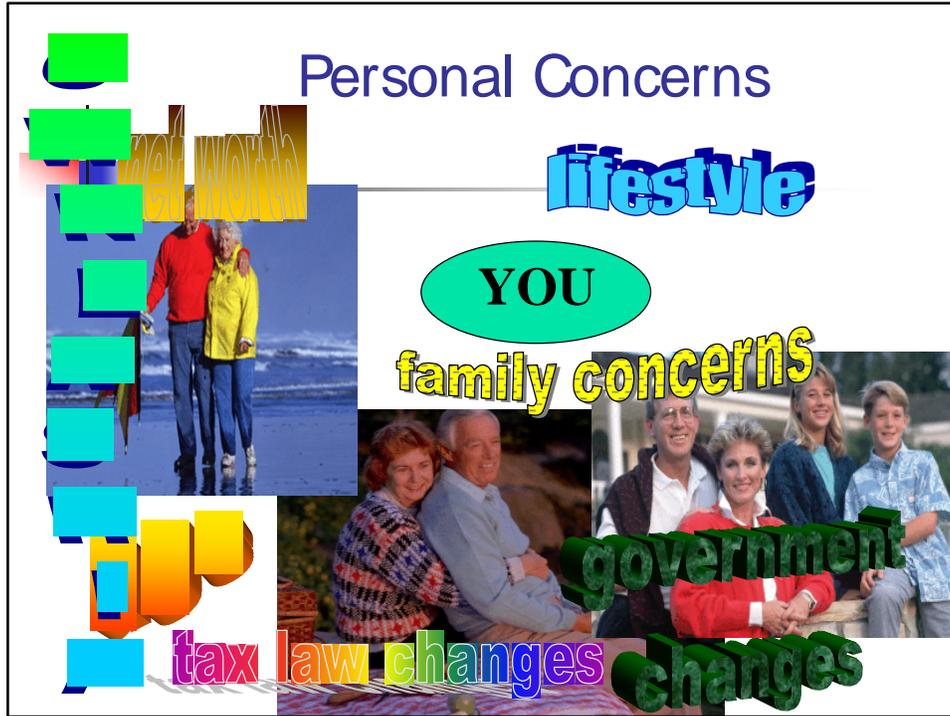
lifestyle

YOU

family concerns

government changes

tax law changes



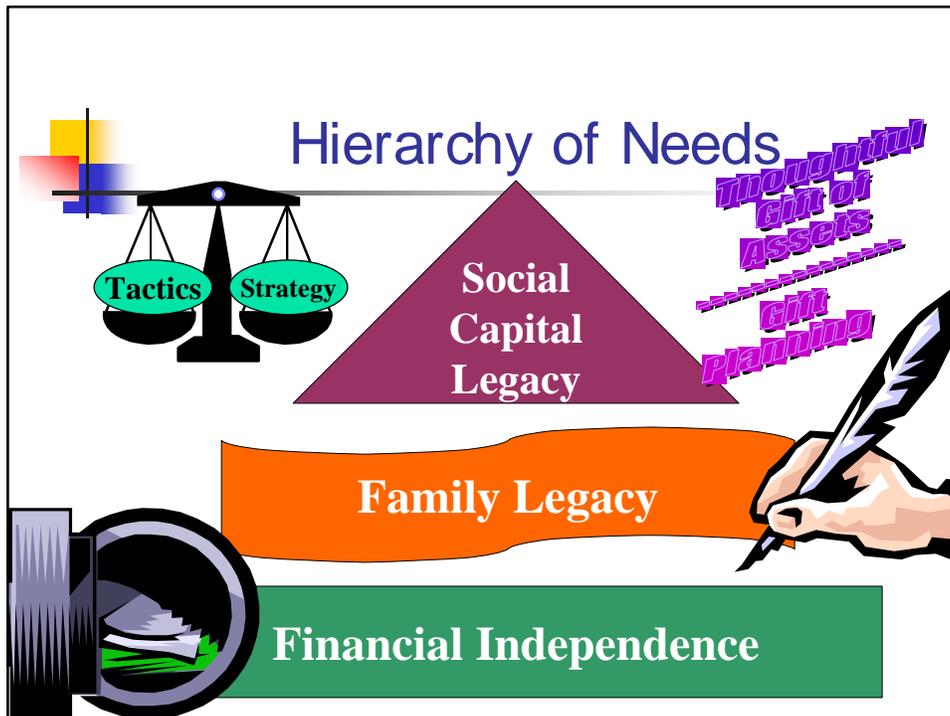
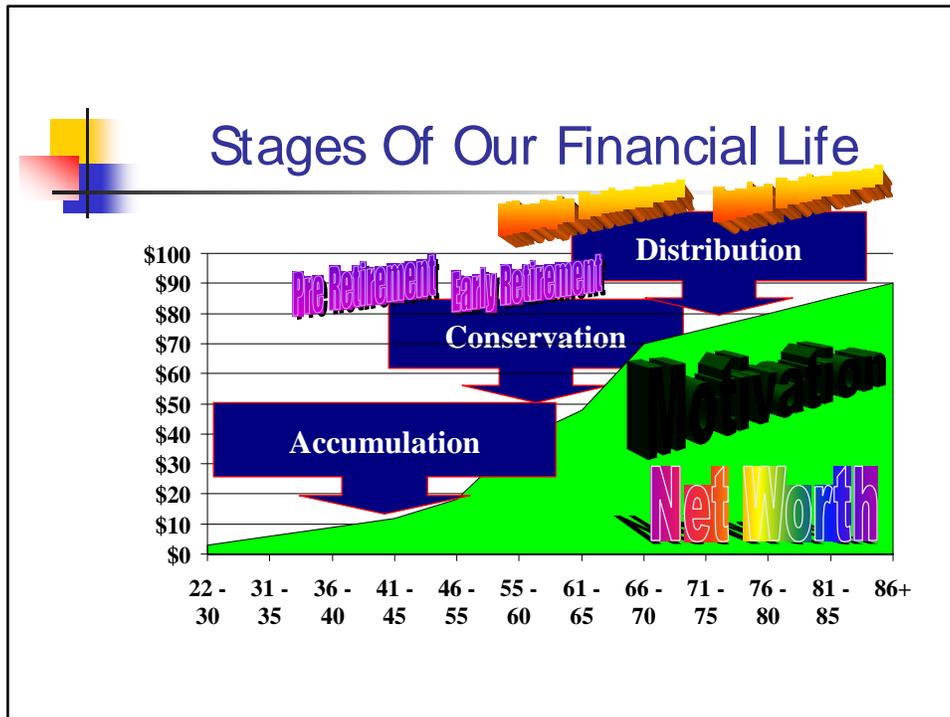
Life cycle giving

Financial Life

Charitable Life



**Gift Plans and Strategies for Advisors to suggest to their clients**



# Gift Plans and Strategies for Advisors to suggest to their clients



## Life cycle giving

**Advisor Input**

40s - 50s - 60s - 70s - 80s

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**Age / Assets / Plans**

**Financial / Retirement Life**

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**Charitable Life / Lifestyle**

**Charitable Intent / Motivation**

**Hospital Input**



## Wealth Holders

	Younger -50	Middle-Aged 50-70	Older 70+
Wealthy	A1	B1	C1
Moderate Means	A2	B2	C2
Limited Means	A3	B3	C3

**Gift Plans and Strategies for Advisors to suggest to their clients**

**Age and Wealth-Based Matrix**

<b>A1</b> Gifts of Cash Appreciated Property Term of Years Trusts Charitable Lead Trusts Life Income Gifts for Others	<b>B1</b> Gifts of Cash Appreciated Property Term of Years Trusts Charitable Lead Trusts Life Income Gifts for Others Current Retirement Plan Gifts Deferred Gift Annuities	<b>C1</b> Gifts of Cash & Property Bequests & Gift Annuities Term of Years Trusts Charitable Lead Trusts Charitable Trusts for Life Life Income Gifts for Others Current Retirement Plan Gifts Life Insurance Proceeds Retirement Plan Remainders
<b>A2</b> Gifts of Cash	<b>B2</b> Gifts of Cash Pooled Income Funds Deferred Gift Annuities	<b>C2</b> Gifts of Cash Appreciated Property Pooled Income Funds Bequests Gift Annuities Life Insurance Proceeds Retirement Plan Remainders
<b>A3</b> Gifts of Cash	<b>B3</b> Gifts of Cash	<b>C3</b> Gifts of Cash Bequests Gift Annuities Life Insurance Proceeds Retirement Plan Remainders

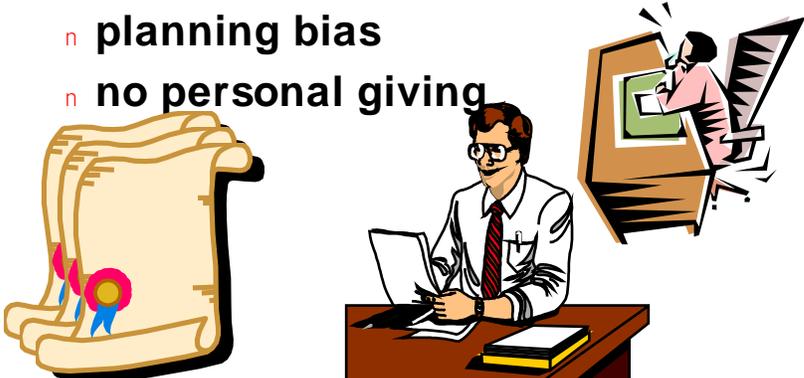
**Barriers to Philanthropic Planning**

- n Your emotional barriers
  - n Not wanting to relinquish **control**
  - n Fear of facing death...**indecision**
  - n Fear of what children will think
  - n Analysis paralysis



## Barriers to Philanthropic Planning

- n Resistance of advisors
  - n poor knowledge or expertise
  - n planning bias
  - n no personal giving

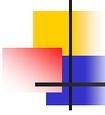
An illustration depicting a professional setting. On the left, a large, rolled-up scroll is shown with a red and yellow ribbon tied around it. In the center, a man with glasses, wearing a white shirt and a red tie, sits at a desk with a laptop. To his right, a woman is seated at a desk, working on a computer. The background is a simple office environment.

## Who are the Agents of Wealth? How do they think?

- n Accountants
- n Attorneys
- n Investment professionals
- n Insurance advisors
- n Trust officers
- n Real estate brokers
- n Financial advisors
- n Philanthropic consultant or gift planner
- n Others
  - n Funeral home director
  - n Medical management

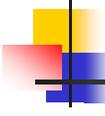
An illustration of two men in business suits shaking hands. The man on the left is wearing a green suit and has a briefcase. The man on the right is wearing a blue suit and also has a briefcase. They are standing on a plain surface.

**Gift Plans and Strategies for Advisors to suggest to their clients**



### Gift Strategies – 2010 tax brackets

Single	\$8,375- \$34,000	\$34,000- \$82,400	\$82,400- \$171,850	\$171,850- \$373,650	\$373,650+
Married	\$16,750- \$68,000	\$68,000- \$137,300	\$137,300- \$209,250	\$209,250- \$373,650	\$373,650+
Bracket Savings	15%	25%	28%	33%	\$35%

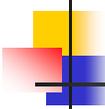


### Gift Strategies –Capital Gain Offset

Tax Bracket	Capital Gain	Charitable Gift	Capital Gain Offset
25%	15%	\$1.00	\$1.66
28%	15%	\$1.00	\$1.86
33%	15%	\$1.00	\$2.20
35%	15%	\$1.00	\$2.33

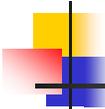
**Note: No 3% reduction rule for charitable deductions in 2010**

**Gift Plans and Strategies for Advisors to suggest to their clients**



## Gift Strategies –Standard Deduction

	Single	Joint	Household	Married Separate
Basic	\$5,700	\$11,400	\$8,350	\$5,700
65+	\$7,100	\$12,500 <sup>(1)</sup> \$13,600 <sup>(2)</sup>	\$9,750	\$6,800
Blind	\$7,100	\$12,500 <sup>(1)</sup> \$13,600 <sup>(2)</sup>	\$9,750	\$6,800
65+ Blind	\$8,500	\$13,600 <sup>(1)</sup> \$15,800 <sup>(2)</sup>	\$11,150	\$7,900



## Gift Strategies # 1

	A – Give Cash	B – Sell & Give Cash	C- Give Stock
Value	\$5,000	\$5,000	\$5,000
Tax savings (25%)	\$1,250	\$1,250	\$1,250
Capital gains tax savings \$4,000 gain	\$0	\$600 paid	\$600 saved
Total Tax Savings	\$1,250	\$650	\$1,850

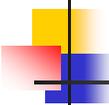
## Gift Plans and Strategies for Advisors to suggest to their clients

### Gift Strategies # 1

	Investment A	Investment B	Difference
Value	\$5,000	\$5,000	\$0
Ordinary tax savings (25% )	\$1,250	\$1,250	\$0
Capital gains tax savings A \$4,000 gain B \$1,000 gain	\$675	\$150	A) \$525 more
Total Tax Savings	\$1,925	\$1,400	A) \$525 more
After tax cost of gift	\$3,075	\$3,600	B) \$525 less

### Gift Strategies # 2

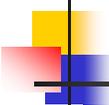
- n Capital Gain Offset
- n Tom and Betty 3,000 shares of Merck, cost \$6/share, value \$35/share
- n 28% tax bracket, offset @ \$1.86 = \$65,100
- n Gift 1,000 shares (\$35,000)
- n Sell 2,000 shares tax free
- n Use deduction to free up additional value
- n Could sell 2,244 shares with no capital gains tax



### **Gift Strategies # 3 — Deduction Order**

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- n Cash 50% limit
- n Appreciated assets at cost - 50%
- n Unrelated use tangible personal property deducted at cost - 50%
- n Short term capital gain deducted at cost basis – 50%
- n Appreciated stock or land at FMV – 30%

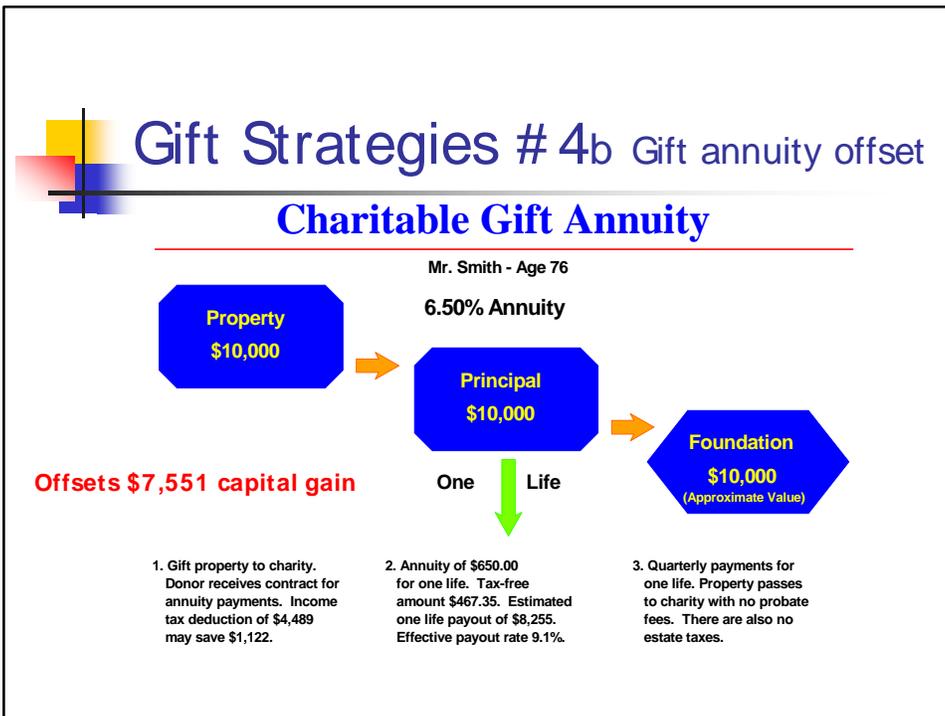
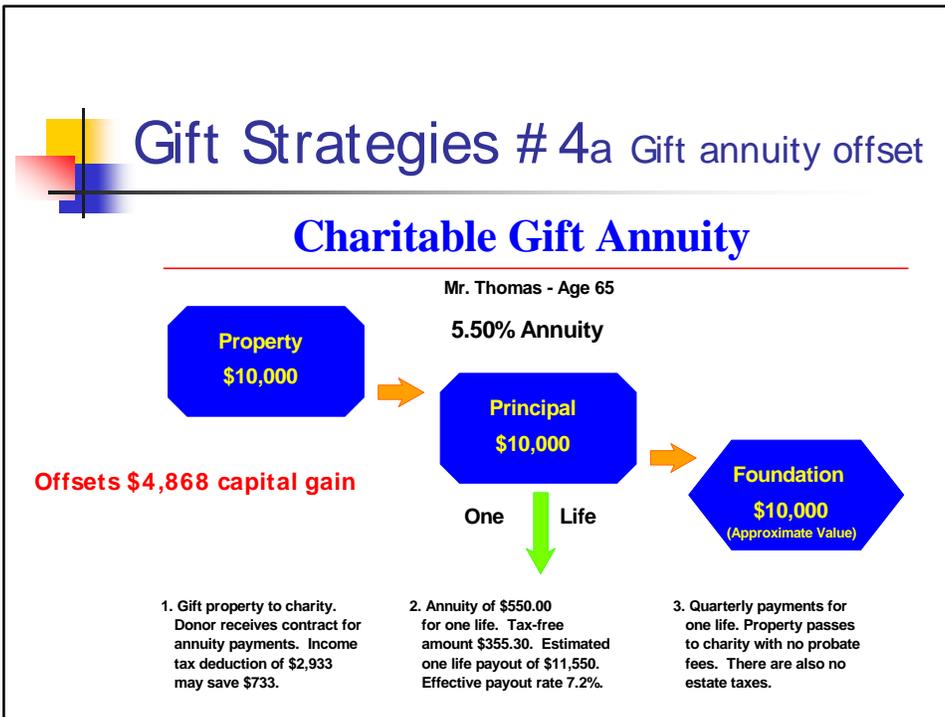


### **Gift Strategies # 3 — Deduction Order**

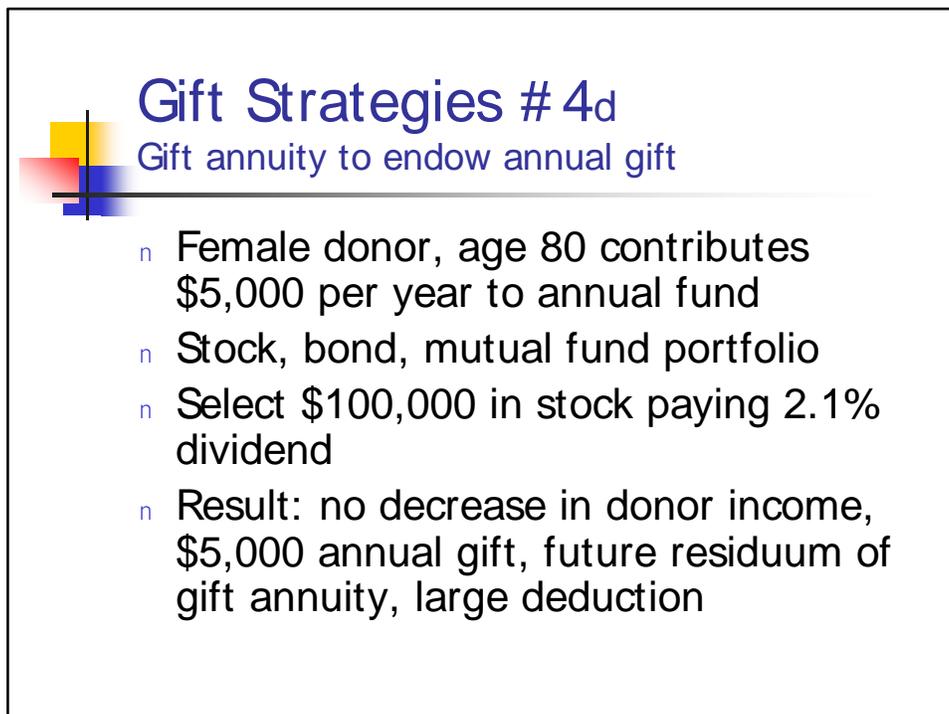
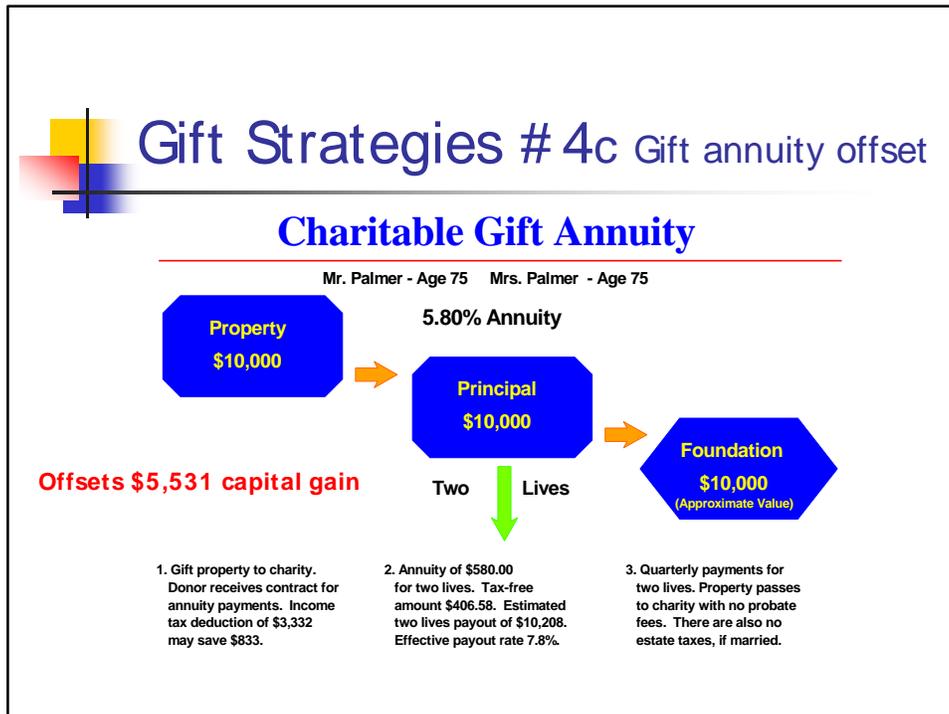
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- n Gifts “for the use of” – 30%
- n Cash to private foundation -30%
- n Public stock to private foundation FMV – 20%
- n Land or private stock to private foundation deducted at cost – 20%
- n Carry forwards 50%
- n Carry forwards 30%
- n Carry forwards 20%

**Gift Plans and Strategies for Advisors to suggest to their clients**



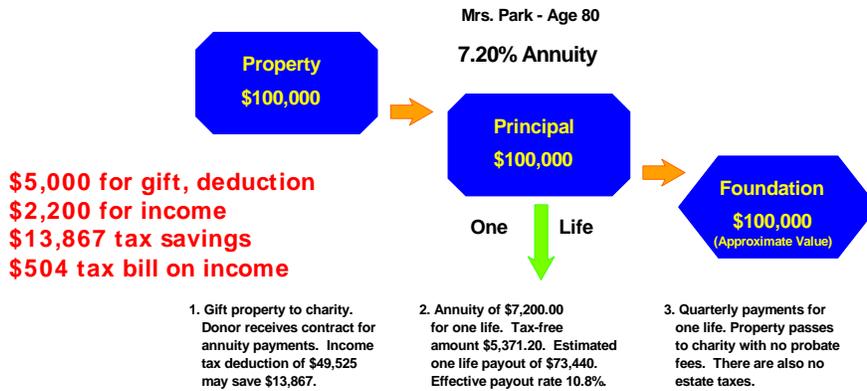
## Gift Plans and Strategies for Advisors to suggest to their clients



**Gift Plans and Strategies for Advisors to suggest to their clients**

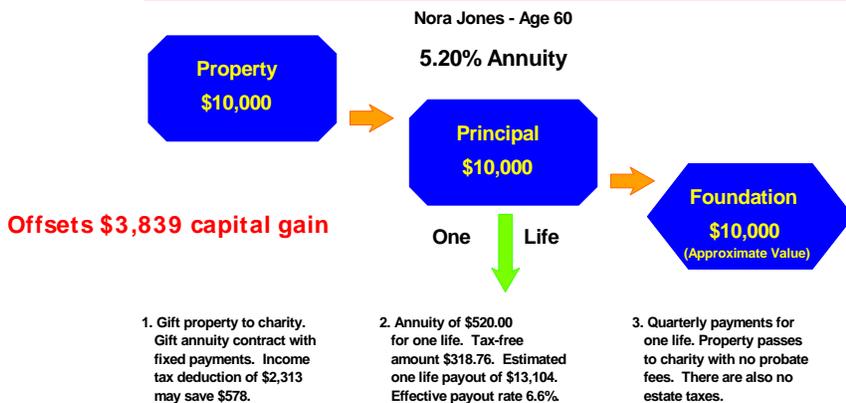
**Gift Strategies # 4d**  
 Gift annuity to endow annual gift

**Charitable Gift Annuity**



**Gift Strategies # 5** Gift annuity offset,  
 Mother established annuity for daughter

**Charitable Gift Annuity**

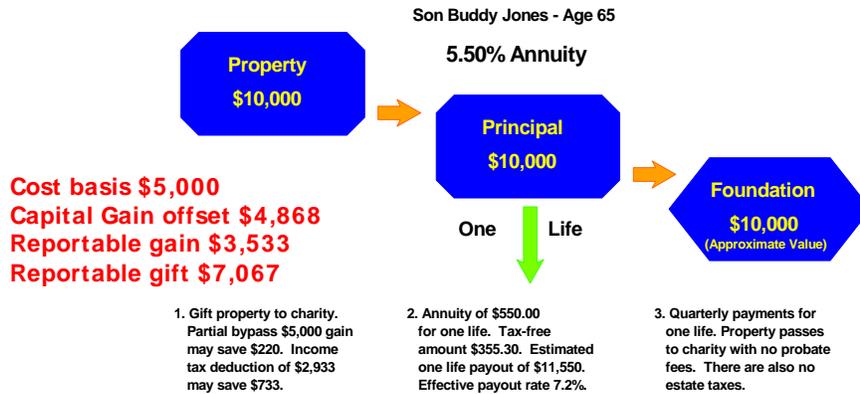


**\$7,687 life interest for daughter**

**Gift Plans and Strategies for Advisors to suggest to their clients**

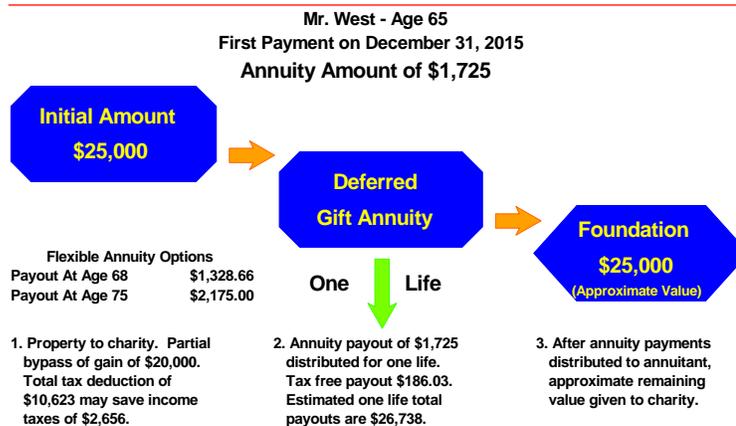
**Gift Strategies # 5** Gift annuity offset,  
Mother established annuity for son with stock

**Charitable Gift Annuity**



**Gift Strategies # 6** Savings bond  
converted to Flexible Deferred CGA

**Deferred Gift Annuity**



**\$5,000 bond cost \$2,500, FMV \$10,236, interest \$7,736**

**Gift Plans and Strategies for Advisors to suggest to their clients**

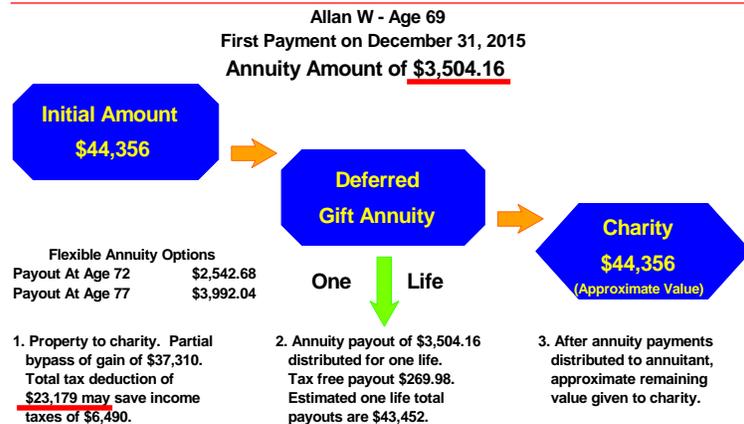
## Gift Strategies # 6a Commercial annuities



- n DOB February 25, 1941, age 69, Married
  - n Assets:
    - n 2 USAA annuity contracts
    - n # 1 FMV \$23,988
      - n Taxable gain \$13,988
    - n # 2 FMV \$17,057
      - n Taxable gain \$7,057
  - n **Total assets: \$41,045**
  - n **Total gain: \$21,045**
  - n AGI \$175,000
  - n Tax rates 33%, 15%
- n Charitable intent
  - n Cash in annuity assets
  - n Offset gain with charitable gifts
  - n Possible immediate or future income
  - n No income for spouse
  - n Other charitable gifts this year

## Gift Strategies # 6a Commercial annuities

### Deferred Gift Annuity



**2,600 shares Genworth Financial, FMV \$44,356, Cost \$7,045, Deduction \$23,179**

## Gift Strategies # 6a Commercial annuities- Summary

- n Deferred/Retirement annuity selected
- n Funded with appreciated stock
  - n Gift date March 24, 2010
  - n 2,600 shares Genworth Financial
  - n FMV \$44,356
  - n Cost \$7,045
  - n Deduction \$23,178
  - n Deduction limit 30%
  - n AFR February @ 3.4%

## Gift Strategies # 7 - Bargain sale BARGAIN SALE

Prepared For John Jones



1. When property sold at bargain price to charity, income tax deduction saves \$8,250. Capital gain bypass on gift portion may save \$3,396.

2. Long term capital gain is the difference between sale price and basis allocated to sale. Tax of \$11,004 on gain is offset by charitable income tax saving.

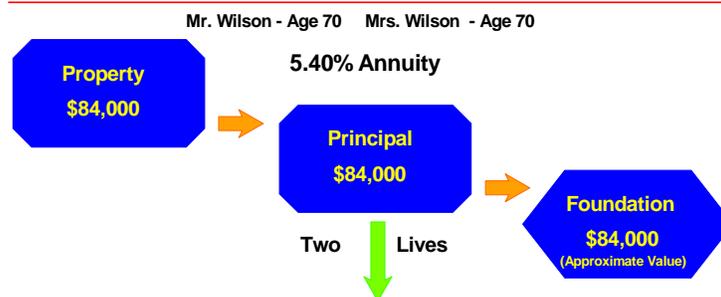
3. Net to donor is cash benefit less net income taxes paid or \$78,246. Donor reduces taxes by \$11,646 and makes \$25,000 gift.

**Zero tax = sale for \$75,089**

## Gift Strategies # 8 – Dividend substitute, major gift

- n Donors 70/70
- n 2,200 shares, ExxonMobil
- n FMV \$154,000
- n Cost \$ 75,000
- n Dividend 2.3%, \$3,696,\$3,141 after tax
- n **1,000 share gift, \$70,000**
- n **1,200 shares two-life gift annuity**

## Gift Strategies # 8 – Dividend substitute, major gift **Charitable Gift Annuity**



1. Gift property to charity. Partial bypass \$43,090 gain may save \$1,686. Income tax deduction of \$21,910 may save \$6,135.

2. Annuity of \$4,536.00 for two lives. Tax-free amount \$1,476.37. Estimated two lives payout of \$98,885. Effective payout rate 6.9%.

3. Quarterly payments for two lives. Property passes to charity with no probate fees. There are also no estate taxes, if married.

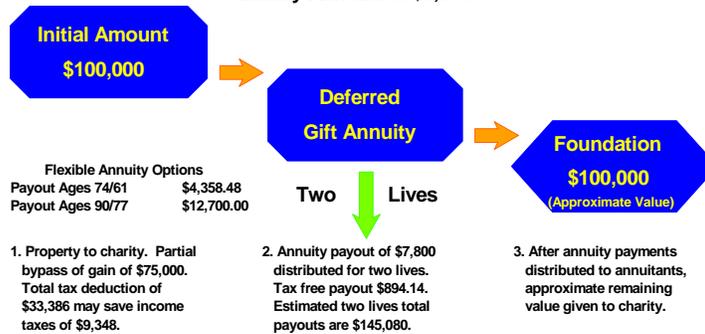
**After tax payment \$3,879, two tax deduction \$70,000 and \$21,910**

## Gift Plans and Strategies for Advisors to suggest to their clients

### Gift Strategies # 9 – Lifetime partnership or May/December annuity

#### Deferred Gift Annuity

Bill O'Brien - Age 72 Sara O'Brien - Age 59  
First Payment on December 31, 2019  
Annuity Amount of \$7,800



### Gift Strategies # 10 –

Beneficiary designation - Retirement plans and life insurance

- n Retirement accounts
  - n 401(k), 403(b), Keogh, Traditional IRA, Roth IRA
- n Savings bonds
- n Life Insurance
- n Beneficiary can be 100%, partial interest or contingent

Gift Plans and Strategies for Advisors to suggest to their clients

