

# Charitable Gift Planning



***Alexandria M. Ransom***

(319) 896-4051

[aransom@spmbllaw.com](mailto:aransom@spmbllaw.com)



SIMMONS PERRINE MOYER BERGMAN PLC

[www.spmbllaw.com](http://www.spmbllaw.com)

# Overview

- Outright Charitable Gifts
- Charitable Split Interest Gift
- “Zero Estate Tax” Plan



# Federal Tax Considerations

- Reasons to Donate
- Three Primary Federal Taxes Involved in Charitable Giving
  - Federal Estate Tax
  - Federal Gift Tax
  - Federal Income Tax



# Charitable Giving During Life

- Advantages to Lifetime Charitable Gifts
  - Donor enjoyment and the ability to monitor funds
  - Tax deductions
  - Capital gains tax considerations
- Maximizing Tax Benefits
  - Gift every few years
  - IRA Rollover if 70 ½ Years Old



# Avoiding Capital Gains Tax

- What is Capital Gains Tax?
  - Short-Term vs. Long-Term
- Avoiding Capital Gains Tax
  - Give appreciated property directly to charity



# Substantiating Charitable Contributions

- Must gift to a non-profit organization
  - Public Charity
  - Private Foundation
- You must keep a record of the contribution
- Considerations for non-cash donations
  - Tangible Personal Property, like artwork



# Charitable Split Interest Giving

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Charitable Gift Annuities



# Charitable Remainder Trusts

- Charitable Remainder Unitrust
  - Beneficiary often receives fixed percent based on fair market value of trust assets each year
  - 5% or more
- Charitable Remainder Annuity Trust
  - Beneficiary receives fixed amount each year based on initial fair market value of trust assets





# Charitable Lead Trusts

- What is a charitable lead trust?
  - Opposite of charitable remainder trust
- Factors to consider before forming a Charitable Lead Trust
  - Interest rates



# Charitable Gift Annuities

- What is a charitable gift annuity?
- What are the benefits of a charitable gift annuity?
  - Predictable flow of income
  - Potential tax deduction
- What are the drawbacks of a charitable gift annuity?
  - Tax consequences
  - Inflation

# “Zero Estate Tax” Plan

- For example, give the tax free amount to your children and remainder to charity.



# Testamentary Charitable Gift

- Empower family members to disclaim in favor of charity
- Name charity in Family Disaster Provision



# Endow Iowa

- An organization created to enhance the quality of life for the citizens of Iowa through increased philanthropic activity by encouraging new investments to existing community foundations and facilitating the creation of new community foundations
- The major component of the Endow Iowa Program is a state tax credit of a qualifying gift to a community foundation. The gift must be to an endowment fund within the qualified foundation or community affiliate organization. The tax credits can be claimed by individuals, businesses, or financial institutions.
- The program is administered by the Iowa Economic Development Authority.
- Though credits have increased over time, they are being quickly utilized.





# *Questions?*

***Alexandria M. Ransom***

Simmons Perrine Moyer Bergman PLC

115 Third Street SE, Suite 1200

Cedar Rapids, Iowa 52401

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