

## **Types of Planned Gifts**

### **Immediate/Outright Gifts**

#### **Cash and Cash Equivalents**

Unrestricted gifts, in the form of cash, checks, drafts, or money orders, allow the Y to use the funds where they are needed most. Gifts may also be designated for the program or need that matters most to the contributor. Cash Gifts are deductible up to 50% of the donor's adjusted gross income for all taxpayers who itemize deductions. Amounts exceeding this limit can be carried forward up to an additional five years.

#### **Long-Term Appreciated Securities**

Gifts of Securities and Stocks (that have been held for longer than a year and have appreciated in value) give donors deductions for full fair market values up to 30% of their adjusted gross income. Amounts exceeding this limit can be carried forward up to an additional five years. An added benefit is that donors avoid capital gains tax on the appreciated portion of the gift.

#### **Gifts of Property**

If you own a home or other property that has appreciated in value and is not under a mortgage. You may receive significant tax benefits from donating this property to the YMCA. You may also be able to transfer this property over to the YMCA and continue to use the property for life. Due to the nature of this type of gift, we would strongly encourage you to contact us and your financial advisors to discuss this option.

### **Deferred Gifts**

#### **Wills and Bequests**

Wills assure that people's assets will be distributed as they want rather than as the state decides. The well-being of their loved ones can be secured, and the causes most dear to them can be strengthened. A bequest to the YMCA may be unrestricted to fill the most pressing needs or restricted to a particular branch or program. A bequest may be a specific amount, a percentage of one's total estate, or the amount that remains after all costs and bequests to other parties have been honored.

#### **Charitable Gift Annuities**

With this type of gift, one contributes to the YMCA a certain amount of money and, in return, is guaranteed a life income at rates determined by the American Council on Gift Annuities. A YMCA donor can make the gift by having a contract drawn up between himself or herself and the YMCA.

#### **Life Insurance**

With help from his or her life insurance agent, a friend of the YMCA can make a change of beneficiary on an existing, paid-up policy to assign all or a percentage of the policy proceeds to the YMCA. Donors receive an immediate tax deduction approximating the cash surrender value of a life insurance policy when they name the Metropolitan YMCA of the Oranges as the owner and beneficiary. Additionally, all subsequent premium payments made by your client are tax deductible.

## **Types of Planned Gifts (cont)**

### ***Charitable Remainder Trusts***

To make this type of gift, a contributor places income-producing or other assets into an irrevocable trust. The trustee can be the YMCA or another individual or institution the contributor names. The contributor will receive income from the trust for his or her lifetime or for a number of years (up to 20) that he or she specifies.

- A charitable remainder annuity trust is established with one lump sum contribution. It provides the contributor with a fixed life income based on a percentage (at least 5 percent) of his or her contribution's value.
- A charitable remainder unitrust is an irrevocable trust that provides life income to one or more beneficiaries based on a fixed percentage (at least 5 percent) of the fair market value of the trust assets as revalued every year. The contributor can add to it over time to increase the income from the trust.

### ***Pooled Income Fund***

Like a mutual fund, this is a common fund involving a number of donors. Each donor receives a share of the fund's yearly income based on the amount of his or her gift. He or she may also avoid capital gains tax on appreciated assets given to the pooled income fund. A donor who is part of such a pool will receive income for his or her lifetime, plus a tax deduction in the year the gift is made. After the donor's lifetime, the market value of the gift will be available to his or her designated YMCA, program, or purpose.

### ***Charitable Lead Trust***

This is the flip side of a charitable remainder trust. In this case, the donor's family retains ownership of the principal, held in trust, while the income is assigned to the Y for a specific number of years.

Although the donor usually does not receive an income tax charitable deduction, the trust itself may receive an income tax deduction for the amounts paid to the YMCA. At the end of a designated period, the principal is released to the donor or his or her designee. This is a way to retain assets for future use.