

**Sample planned giving sentences depending on the circumstances.**  
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**Bequests**

*Naming your agency as a beneficiary in your estate plan is a simple and lasting way to acknowledge your nonprofit's role in your life.*

A bequest may be included in the body of your will or in an addition to it (a codicil). To name the nonprofit as a beneficiary, the donor should use this language:

**SAMPLE CHARITABLE BEQUEST LANGUAGE**

**UNRESTRICTED BEQUEST:**

I give to (legal name of institution, address) the sum of \$\_\_\_\_\_ Dollars (or \_\_\_\_\_% or fraction of my adjusted gross estate) as a charitable gift for its general purposes.

**RESTRICTED BEQUEST:**

I give to (legal name of institution, address) the sum of \$\_\_\_\_\_ Dollars (or \_\_\_\_\_% of my adjusted gross estate) as a charitable gift to be used for (describe the purpose for the gift).

**BEQUEST OF RESIDUARY ESTATE:**

After making the above gifts to my family and specific persons, I give all remaining property owned by me at death, wherever located, to (legal name of charity, address).

**UNRESTRICTED BEQUEST OF SPECIFIC PROPERTY, ENDOWMENT:**

I give the following property to (legal name of institution, city and state) to be held as an endowment, the net income of which may, along with any appreciation (whether realized or unrealized), be spent for its general purposes: (describe property- real estate, gold jewelry, or valuable coin or art collection; insert specific description and where located.)

**CONTINGENT BEQUEST:**

I give the residue of my estate to my spouse (or other designee) if he survives me. If he does not survive me, I give my residuary estate to (legal name of charity, city and state) for its general purposes.

**CHARITABLE BENEFICIARY TO BE SELECTED BY MY EXECUTOR:**

I give the sum of \$\_\_\_\_\_ Dollars (or \_\_\_\_\_% or fraction of my residuary estate) to a beneficiary to be selected by my Executor, to be used for a particular charitable purpose:

(e.g. providing food and shelter to homeless persons in Allen County, etc.) If the charitable purpose cannot be exercised by the charitable organization that receives my gift due to impossibility, impracticability, or other reasons, I direct that the recipient use the funds instead for (insert other use or charity) or for its general purposes. It is my intent to make this gift to an organization qualified as a charitable organization under federal law.

**CONTINGENT DISCLAIMER BEQUEST:**

If any beneficiary disclaims any part or all of the gift bestowed in the above paragraph, the gift shall be distributed to (legal name of institution, address) as a charitable gift.

**ESTABLISH GIFT ANNUITY:**

I give to (legal name of institution, address) the greater of the sum of \$100,000 or 20% of my gross estate, to establish a gift annuity for my mother, (NAME) in order to provide an income for her during her lifetime, and the remainder as a charitable gift.

**ESTABLISH CHARITABLE TRUST:**

The remainder of my estate shall be distributed to the Trustee named in Article \_\_\_ as a Charitable Trust.

**IRA BENEFICIARY**

A charity is an excellent beneficiary for a 401k or IRA plan. A charitable or educational organization will not have to pay income taxes as a result of this gift, whereas an individual may have income taxes due as a result of being named as a beneficiary.

**Your Attorney will advise you about your Will and Charitable Gift.**

One may designate a bequest for a general or specific purpose. We prefer general purpose designations.

A bequest is the most traditional way to provide significant help for worthwhile causes. With a gift through one's will or living trust, the donor retains full use of the gift property during his/her life. Following is a discussion of several common forms of charitable bequests.

***General Bequest***

The most familiar type of bequest is the general bequest, which specifies a designated sum. For example, one may make a general bequest of \$10,000. The donor may prefer this arrangement because it is considered a primary charge against his/her estate — which means it will almost certainly be fulfilled.

***Percentage Bequest***

This may serve as an excellent alternative to the general bequest. The percentage bequest states that a certain predetermined percentage of one's estate will be donated. By making a

percentage bequest of 10%, for example, one is assured that inflation will not reduce the true value of the intended bequest.

### ***Specific Bequest***

When making a specific bequest, the donor directs that one particular property be transferred to a charity, such as a certain piece of real estate, the stock from one specific company, or some other specific property. This type of bequest is ideal for persons wishing to give particular stocks or a valuable art object. Caution: A specific bequest can be satisfied only with the property designated. If that property has been sold or otherwise removed from the estate, the charity will receive nothing in its place.

### ***Residuary Bequest***

Residuary bequest directs that a charity receive either everything remaining in one's estate or a designated percentage of the estate after all necessary costs, all general bequests and all specific bequests are satisfied. This type of bequest allows the donor the flexibility of making several primary bequests while still giving the assurance a particular charity will be a secondary beneficiary of his/her estate. However, the residuary bequest does have the drawback of uncertainty. The designated charity receives only as much or as little that remains after all primary obligations are satisfied.

### ***Contingent Bequest***

As the name implies, this bequest is "contingent" on some event. Usually, one might make a primary bequest for a relative, with the contingency that if this relative is not living at the time of death, the bequest will pass to the specified charity. The contingent bequest is often used in the case of a husband or wife who stipulates if his or her spouse is not living at the time of his or her death, then the bequest specified for the spouse will pass to a contingent charitable beneficiary. Additionally, the primary beneficiary may "disclaim" (decline) a bequest. In that case, it would then pass to the charity, as the contingent beneficiary.

### ***Testamentary Charitable Trust***

One may establish a Unitrusts or annuity trust for specific beneficiaries through one's will. The trust principal is transferred to \_\_\_\_\_ only after the death of the last trust beneficiary.

*(See Addendum "C" for Bequest Acceptance Procedures)*

### **Gifts of Life Insurance**

*Naming \_\_\_\_\_ as owner and beneficiary of a paid-up life insurance policy entitles the donor to a deduction equal to the cost basis in the policy, or its replacement cost, whichever is less.*

*A similar gift with a policy that is not fully paid-up provides the donor with a tax deduction approximately equal to the policy's cash surrender value. Life insurance policies which are at least 50 percent paid up with surrender values of at least \$2,000 make the most appropriate gifts.*

***Paid up Policies***

A common "hidden asset" for giving is the life insurance policy that is no longer needed for its original purpose. Let's assume one's family has grown and there is no longer a real necessity for retaining a \$50,000 policy purchased many years ago. The policy has a cash value and a cost basis of about \$20,000. The donor can make a charitable organization the owner and beneficiary of the policy and continue to pay the premiums. Here, the donor gains an immediate tax savings of \$7,000 (a \$20,000 deduction, which is limited to the basis of the policy, at an assumed 35% income tax rate). Additionally, the donor may gain additional tax deduction savings for the premiums one pay in future years. Of note, the full \$50,000, with no reduction for the estate tax, will go to the charity to benefit future generations.

***Existing Policies***

- 1) Transfer of an existing policy will be absolute, with full ownership vested in \_\_\_\_\_.
- 2) \_\_\_\_\_ reserves the right to surrender the policy if it so desires.
- 3) The policy must have a net cash value with no outstanding loans.
- 4) \_\_\_\_\_ will be provided with a summary of the policy, including the donor's cost basis and current cash surrender value.
- 5) When applicable, the donor shall agree to contribute, on an annual basis, the amount necessary to maintain the policy in force. In accord with *Campaign General Guidelines*, all premiums shall be fulfilled within a five year period.

***New Policies***

- 1) All gifts of new insurance must be with an insurance company rated A or better.
- 2) \_\_\_\_\_ requests that all proposals for gifts of insurance be submitted to \_\_\_\_\_ prior to making application for the policy.
- 3) In accord with *Campaign General Guidelines*, all premiums shall be fulfilled within a five year period.
- 3) \_\_\_\_\_ will not accept any insurance policy where the intent of the donor is for \_\_\_\_\_ to pay future premium payments through policy loans.
- 4) \_\_\_\_\_ will be provided with a letter of understanding concerning any policy for which premiums are calculated on the basis of variable interest and mortality assumptions.

**Gifts with Life Income**

*Gifts that return income to the donor are excellent vehicles for retirement and overall financial planning. These gifts allow the donor to make a significant contribution to the \_\_\_\_\_ while receiving a number of benefits:*

- Income payments for life and/or the life of the spouse or another designated beneficiary;
- Possible elimination of capital gains tax on appreciated property;
- Potential increase in income;
- Potential investment diversification;
- Professional investment management;
- Probable reduction of estate taxes and probate costs;
- Satisfaction of directing the purpose of the gift; and,
- Fulfillment of supporting \_\_\_\_\_ during one's lifetime.

### ***Charitable Remainder Unitrusts***

One may establish a Unitrusts, which is invested separately from \_\_\_\_\_'s assets and provides income that may vary from year to year. One of the most attractive features of a Unitrusts is its potential to counter the effects of inflation. The Unitrusts is valued the first business day of every year, and a percentage of the trust is distributed regularly to the donor or another beneficiary. Unitrusts may be established for \$100,000, and additional contributions can be made to a Unitrusts, usually with a minimum of \$10,000.

Income tax deduction is based on the amount of the gift, the ages of the beneficiaries, and the percentage of the trust assets received as income.

\_\_\_\_\_ prefers not to act as trustee. \_\_\_\_\_ can, however, suggest financial institutions that can serve as trustee.

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

One may establish an annuity trust which is also invested separately from the \_\_\_\_\_'s assets and provides a fixed income to the donor for lifetime, the lifetime of the trust's beneficiary, or a term of years not to exceed 20 years. When the trust terminates, the trust assets are distributed to \_\_\_\_\_ for use toward the highest current priorities or, for a purpose designated by the donor. The annuity trust is valued at the time it is established, and at least five percent is distributed on a regular basis to the donor or to another beneficiary.

Income tax deduction is based on the amount of the gift, the ages of the beneficiaries, and the percentage of trust assets received as income. Generally, the more income one receive, the lower the tax deduction.

As with Unitrusts, \_\_\_\_\_ prefers not to act as trustee. We can, however, suggest financial institutions that can serve as trustee. Annuity trusts may be established through a minimum sum of \$100,000.

### ***Charitable Lead Trusts***

It's possible to contribute merely the income from securities or other property temporarily and enjoy income tax or gift and estate tax benefits. This is an exciting gift technique called the "Charitable Lead Trust." The concept is simple: The donor transfers income-producing property to a trust for a number of years, and later the property either comes back to the donor or goes to family members or other beneficiaries (the transfer may have gift tax consequences). Trust income is paid to a designated charity while the trust is in force. Where do the tax savings come in? Let's look at the situation where a donor wants a large income tax charitable deduction and also wants to get the trust property back after a few

years. A donor can transfer tax-free municipal bonds to a Charitable Lead Trust lasting almost any number of years. (This technique usually is effective only with tax-exempt securities because the donor has to pay tax on trust income to realize a deduction for a charitable gift.) He/she will be entitled to an income tax charitable deduction in the year the trust is established.

Thus, if the trust is funded with \$100,000 and is to last five years, and the charitable organization will receive \$5,000 a year, the donor can deduct more than \$22,000 (depending on current IRS deduction tables) in the year of the gift and be assured of getting the bonds back. The donor's tax savings may be used to purchase more tax-free municipals.