GEORGIA LIONS
Lighthouse
Foundation

Planned Giving Opportunities
A brief guide to the tax advantages

Planned giving is as easy as (1) making a charitable gift, and (2) saving taxes. We'd like to make it even easier with this primer on some of the best ways to give – and save.

BEQUESTS
We can be named as a beneficiary in your will in any one of a number of simple ways. For example, an outright gift — either a designated dollar amount or percentage of your estate — could be specified. Or, you may wish to provide for a contingent bequest or remainder interest. You can easily add us to your will through an amendment to your will called a codicil; thus your entire will does not have to be redrafted.

GIFTS OF CASH
If you itemize, you can lower your income taxes simply by writing us a check. Gifts of cash are fully deductible – for tax years 2020 and 2021, up to a maximum of 100% of your adjusted gross income. For example, if your adjusted gross income for 2020 or 2021 is $50,000, up to $50,000 of charitable gifts may be deducted for that year. Any excess can generally be carried forward and deducted over as many as five subsequent years. Additionally, if you do not itemize for 2020, you may claim up to a $300 charitable deduction for cash gifts to a charity. For the tax year 2021, non-itemizers may still claim up to a $300 charitable deduction for cash gifts to a charity, and a non-itemizing married couple filing jointly may claim up to a $600 charitable deduction for cash gifts to a charity.

GIFTS OF STOCK
If you own stock, it is often more tax-wise to contribute stock than cash. This is because a gift of appreciated stock generally offers a two-fold tax saving. First, you avoid paying any capital gains tax on the increase in value of the stock. Second, if you itemize, you receive an income tax deduction for the full fair market value of the stock.

Example: If you purchased some stock many years ago for only $1,000, and it is now worth $10,000, an outright gift of stock to us would result in a charitable contribution deduction of $10,000. In addition, there is no tax on the $9,000 of appreciation.

Make sure you have owned the stock for a "long-term" period of time (this generally means that you have held the stock for more than one year) to qualify for these significant tax advantages.

Gifts of appreciated stock are fully deductible – up to a maximum of 30% of your adjusted gross income. For example, if your adjusted gross income for this year is $100,000, up to $30,000 of long-term appreciated stock and other property gifts may generally be deducted this year. Any excess can generally be carried forward and deducted over as many as five subsequent years.

GIFTS OF REAL ESTATE

A gift of real estate can also be tax-wise. A residence, vacation home, farm, acreage, or vacant lot may have so appreciated in value through the years that its sale would mean a sizeable capital gains tax. By making a gift of this property instead, you would avoid the capital gains tax, and, at the same time, receive a charitable deduction for the full fair market value of the property, if you itemize.

It is also possible to make a gift of your home, farm, or vacation home so that you and your spouse can continue to use it for your lifetimes – while you receive a current income tax deduction.

Example: Mr. and Mrs. Smith own a vacation home in the mountains that they would like to continue using. Its fair market value is $100,000. By contributing the home to us now but retaining the exclusive right to use it for the rest of their lifetimes, the Smiths are able to achieve a current income tax charitable contribution deduction of approximately $40,000. (The precise amount will depend upon their ages, the useful life of the house, and other factors.)

GIFTS OF LIFE INSURANCE

A gift of life insurance can provide a significant charitable deduction. You could purchase a new policy or donate a policy that you currently own but no longer need. To receive a deduction, designate us as both the owner and beneficiary of the life insurance policy. Check with your insurance agent for the details.

LIFE INCOME GIFTS

Life income gifts allow you to increase your income, receive a charitable contribution deduction, and avoid capital gains taxes. If you own stock which is paying you low dividends, maybe 2% or 3%, a "life-income" gift may be an appropriate gift. You could transfer the stock to us and establish a "charitable remainder unitrust" or "charitable remainder annuity trust" that would provide you with a 5% or greater annual return. This income would be paid to you and/or a loved one for life, after which the assets would be distributed outright to us. Through such an arrangement, you would be increasing your income and making a meaningful (and tax-deductible) contribution to us at the same time.

Example: Suppose Mrs. Jones, age 70, purchased some stock many years ago for $10,000 and the stock is now worth $100,000. But, she receives only $2,000 per year in dividends, or a 2% yield. By transferring the stock to a charitable remainder trust and specifying that she wanted a 6% return for life, she could:

1. *Triple her annual income (from $2,000 to $6,000);*
2. *Avoid the capital gains taxes she would otherwise incur on a sale of the stock; and*
3. *Be entitled to a charitable contribution deduction of approximately $47,000. (The amount of the deduction depends upon the age of the donor, the rate of return specified in the trust, the size of the gift, and other factors.)*

CHARITABLE LEAD TRUSTS Charitable lead trusts are essentially the reverse of the life income gifts described above. The income from the trust is first paid to us; the charity's interest leads the way (hence the name of the trust). With this trust, you transfer assets to a trustee who makes payments to us for a specified number of years, after which time the assets are transferred to your heirs. The charitable lead trust allows you to pass assets on to your children and grandchildren either completely free or substantially free of all estate and gift taxes. It can make good sense for anyone in the top estate and gift tax brackets.

IN CONCLUSION

A brochure cannot tell you everything you need to know about planned giving and which method would be the most advantageous for your particular financial and estate planning situation. Check with your attorney, accountant, or other tax advisor for additional information on how these general rules apply to your situation.

We appreciate your interest and support and would be pleased to provide you with additional information on the advantages of planned giving.

For questions or more information on planned giving options, please contact Nanon Morrison**,** Chief Development Officer at NMorrison@lionslighthouse.org or 770-738-4660 Ext : 302.