Glossary of Key Planned Giving Terms

Planned Giving/Gift Planning: The planned transfer of an individual's or a couple's assets to a charity during their lifetime or upon their death. May provide immediate or deferred tax benefits.

Outright gift: A contribution of cash or property in which donor retains no interest and can be used right away by charity.

Will: The most basic instrument used to distribute an asset, also called Last Will and Testament. A will is a legal document that spells out the disposition of a person's assets after death. It is governed by state law and is the most basic element of an estate plan.

Endowment: A gift that is intended to be kept permanently and invested to generate income for charitable purposes. Houses planned gifts received by the organization.

Bequest: A gift received after death generally received through a donor's will or other estate-planning document (such as a living trust).

Living trust: A written agreement to govern the distribution of assets at death. Trust is established by donor for their lifetime and is usually revocable.

Retirement assets: are assets such as a retirement plan, 401(k), 403(b), IRA, Keogh, or other qualified pension plans. Designating the charity as beneficiary allows the donor to make a gift to a charity of their choice upon death that may carry additional tax benefits.

Charitable Gift Annuity: A contract between a donor and a charity where a donor receives a lifetime income from the charity in exchange for a donation of cash or property. The donor receives a partial tax deduction and the charity keeps the gift upon their death.

Life insurance: *Name a charity as beneficiary on a life insurance policy*
The simplest way to use life insurance to give to charity is to name a charity as beneficiary on a life insurance policy. Designating the charity as beneficiary allows donor to make a larger gift than they could otherwise afford. No immediate tax benefit

Life insurance: *Donate an existing life insurance policy to charity*
Donor assigns all rights in the policy to charity. Donor delivers the policy itself to charity and gives up control of the life insurance policy forever. Because transfer of ownership is irrevocable, this provides some tax advantages.

Life insurance: *Donate a new life insurance policy to charity*
Donor applies for a new policy and immediately assigns all rights in the policy to charity. Donor pays all the premiums to the charity. A charitable deduction for premiums may be taken. The IRS treats this transfer as if the charity itself has purchased the policy on donor's life. Donor is entitled to full tax advantages of the annual gift for the premiums.

Professional advisors: are estate-planning attorneys, financial planners, trust officers, certified public accountants, stockbrokers and insurance agents who can be invaluable guides in helping donors include charitable giving in their plans.