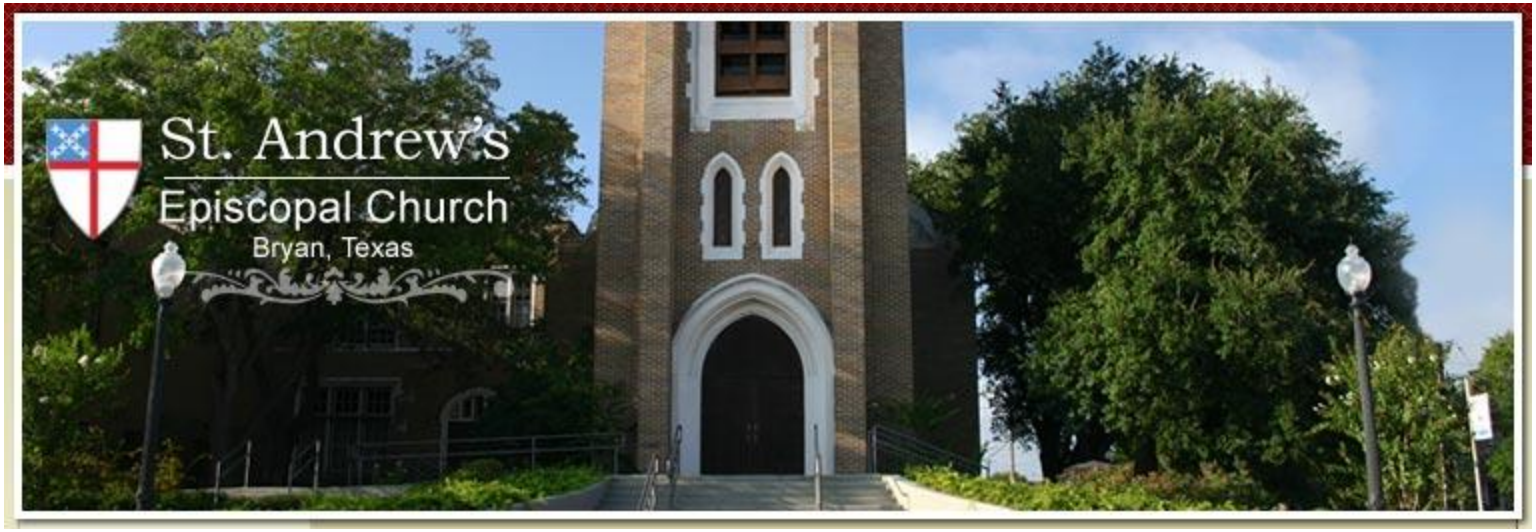


Legacy Stewardship

benefiting

St. Andrew's Episcopal Church

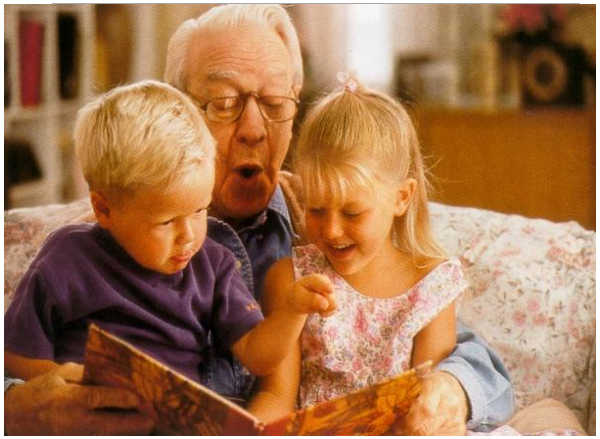
Bryan, Texas

"To Know Christ and To Make Him Known"

May 29, 2011

Estate Distribution

Only Three Places to Go



- Family

- Charity

IRS

Department of the Treasury
Internal Revenue Service

- Taxes

Keep in Mind…

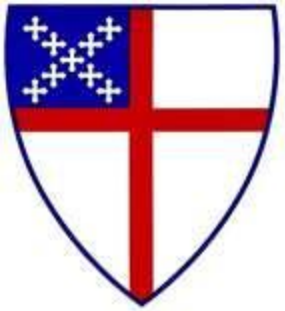
- Most Americans think of charitable giving as:
  - Cash or writing checks
  - Gifts of used items

- Few Americans are aware of:
  - Gifts of Securities or Real Estate or other assets
  - Bequests and Beneficiary Designation Gifts
  - Life – Income Opportunities

Current Gifts

- Cash
- Securities
- Real Estate

Dual-Benefit Gifts



- Charitable Remainder Trusts
- Charitable Lead Trusts
- Retained Life Estates

Bequests

- A gift in a Will or Living Trust
- Benefits include:
  - Retain use/control of assets during life
  - Preserve Lifetime Flexibility - Change Mind
  - Desire Charitable Deduction for your estate
  - Want to Achieve Charitable Purpose
  - Simplicity

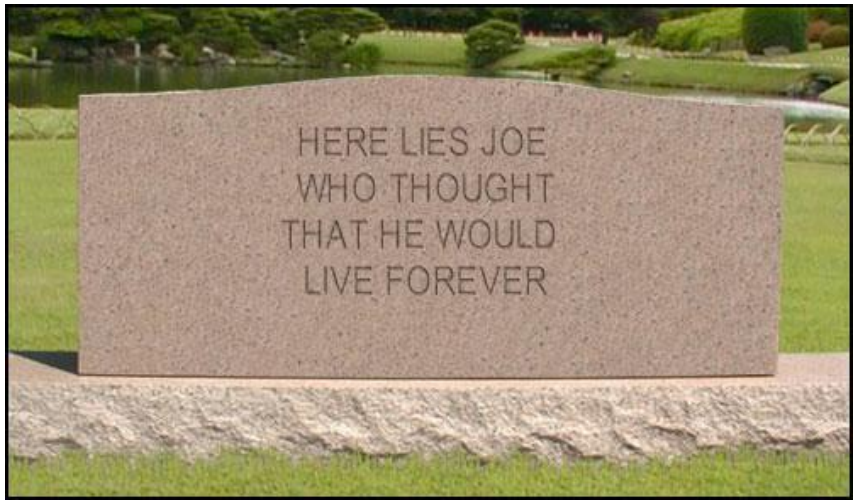
Ways to leave a Bequest

- A **specific amount**
  - *Ex.* I bequeath $100,000 to St. Andrews Episcopal Church (or Endowment), Bryan, Texas
- A **percentage of the estate**
  - *Ex.* I give 25% of my estate to St. Andrews Episcopal Church (or Endowment), Bryan, Texas
- Leave the **remainder of the estate**
  - *Ex.* I give the rest and residue of my estate to St. Andrews Episcopal Church (or Endowment), Bryan, Texas

Die without a Will?

What happens when someone dies without a will - who gets the property?

- State intestacy laws decide
- Typically family; varies from state to state
- Charity gets nothing



Gifts of Life Insurance

- Two Ways to Give
  - Name charity as beneficiary of a life insurance policy. (Revocable)
  - Change ownership and beneficiary of a life insurance policy to charity. (Irrevocable)

Who Gives Life Insurance?

- Beneficiary Designation Gift:
  - Donor of any age who wants to use existing assets to make a gift at death
  - Donor who wants to leverage their current dollars into a larger gift in the future

- Change Ownership Gift:
  - Typically an older Donor who has no need for the death benefit for family
  - Wants policy out of Estate for tax purposes
  - Knows gift is irrevocable
  - Wants current income tax deduction

Gifts of Retirement Assets

- Retirement Assets include:
  - IRAs
  - 401(k) and other employer sponsored plans

- Benefits include:
  - Retain usage and control during life
  - Flexibility of a revocable gift
  - Tax Benefits – give highest taxed asset to charity, leaving better assets for family
  - Simplicity – change beneficiary form

A Special Case for IRA's...

- On December 17, 2010, the President signed into law The Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. This bill restores the IRA Charitable Rollover (called qualified charitable distribution or QCD) and permits its use in 2011.

- The IRA owner must be 70 1/2 or older;

- The transfer for no more than $100,000 , the amount may be smaller (orphan IRA's?)

- The QCD is not reported in your taxable income.

- Only applies to gifts from Individual Retirement Accounts and NOT from 401(k) plans or other tax-favored retirement planning vehicles.

- Qualifies for the required minimum distribution. The transfer is made directly from a custodian or trustee to the charitable organization.

Another Option – Testamentary Unitrust

- Donor wants to benefit heirs ***and*** charity
- Fund a Testamentary Unitrust with IRA
- Trust setup in Will receives IRA at death
- Benefit heirs for lifetime or period of years
- When Trust ends, remainder goes to charity
- Revocable – Will can be changed during lifetime

Gift Agreement Letter

- Allow flexibility to the giver
- Agreements outline:
  - Method of gift
  - Purpose of gift
  - Administration of gift