Charitable Planning

Many clients want to transfer assets to charitable organizations either during their lives or through their estates as a way to give back to society, improve their communities and leave a lasting legacy. Because of the complexity of IRS regulations on charitable donations, it is important to work with an attorney to develop a plan for charitable giving. Utilizing and developing a plan ensures that you, as the donor, have complete control over where your assets are going and that your donations will go farther and have a bigger impact. If you don’t have a plan in place, you could potentially miss out on a significant income tax and/or estate tax savings.

There are a number of techniques and tools that can be used to develop a plan for charitable giving. Some alternatives are:Charitable Remainder Trusts:

A charitable remainder trust is an irrevocable trust

into which the donor places assets for a specified number of years (not to exceed 20) or their lifetime. During this period, the donor, or some other beneficiary, receives income from the trust in one of two methods. The trust

can be set up as either a Charitable Remainder Annuity Trust (CRAT) or as a Charitable Remainder Unitrust (CRUT). Income from a CRAT is based on a fixed dollar amount that is not less than 5% or more than 50% of the initial fair market value of the assets. Income from a CRUT is based on a fixed percentage (not less than 5% or more than 50%) of the value of the assets in the trust

as determined annually. At the end of the term of the trust

, the remaining assets go to the named charitable organization(s).With a charitable remainder trust, the donor receives an income tax deduction for the value of the charitable remainder interest of the trust

. During the term of the trust

, the trustee can sell assets donated and avoid capital gains that might otherwise be incurred. The assets then go to the charitable organization estate tax free. Thus, a charitable remainder trust

allows you to:Transfer appreciated (low tax basis) assets

Receive a charitable income tax deduction

Create a significant charitable gift

Create an income stream for the donor or other person

Avoid probate of the assets donated

Charitable Lead Trusts:

A charitable lead trust is where property income or investment income is given to a charity while the donor is living, but the principal passes to other designated parties upon the donor's death. A charitable lead trust allows you, the donor, to:Provide income to a charity for a specific term of years, and at the end of the term, the remaining principal is paid to your family.

Permits you to transfer $1 of assets to family members, and the IRS will view it as less than $1 (typically 30%-60% less). This allows you to gift more than you typically would be able to.

Testamentary Bequest:

A bequest in a will or revocable living trust is a simple way of making a charitable gift. This type of gift will be exempt from estate taxes.Donor-Advised Funds:

A donor-advised fund is a private fund administered by a third party that is created for the purpose of managing charitable donations. After the donor contributes assets to the fund, the third party administrator establishes a donor advised account in the donor's name and allows the donor to suggest investment options and future charitable gifts. There is an immediate charitable income tax deduction for making the gift to the fund, but it is an irrevocable gift with the donor no longer owning or controlling the assets.Gift Annuities:

Under this approach, the donor makes a charitable gift of property and receives a fixed lifetime annuity payment from the charity. The donor will receive a charitable income tax deduction for a portion of the gift and the assets avoid estate taxes at his/her death.Pooled Income Fund:

A pooled income fund allows the donor to donate assets to a charity by combining or pooling the assets donated with assets donated by other donors. The fund pays the donor income for life with the charitable organization receiving the remainder. The donor receives a current charitable income tax deduction in the amount of the charitable remainder interest.Charitable Life Insurance:

Under this approach, the donor names a charitable organization as the beneficiary of an existing a new policy of life insurance and/or transfers ownership of the policy to the charitable organization.Please note that special care and attention should be used any time you are considering donating stock of closely held corporations, real estate, artwork or collectibles as IRS rules make their use more complex than donating cash or publicly traded securities.One of our experienced estate planning

attorneys can assist and guide you through the charitable planning process and help you make the best decision regarding your assets and your family. Call Tully Rinckey PLLC 24 hours a day, seven days a week at 518-218-7100.The most popular City / Village / Town Courts our lawyers serve:

Albany, Altamont, Amsterdam, Berne, Bethlehem, Brunswick, Clifton Park, Cohoes, Colonie, Coeymans, Delaware, Duanesburg, East Greenbush, Fulton, Glens Falls, Glenville, Gloversville, Grafton, Greene, Guilderland, Hoosick, Hudson, Johnstown, Malta, Mechanicville, Menands, Montgomery, Nassau, New Scotland, Rensselaer, Rensselaerville, Rotterdam, Saratoga, Schenectady, Schoharie, Schodack, Scotia, Troy, Ulster, Voorheesville, Warren, Washington, Watervliet