

Planned Giving

“Planned Giving” is the collective term for a contribution given at death (such as a bequest made through a person's will), a life income gift (such as a charitable remainder trust or charitable gift annuity), a reserved life estate, and gifts of life insurance, IRAs or pension plans. An effective planned giving program may actually strengthen the annual and capital giving programs of an organization. Donors who have made significant planned gifts to help ensure the long-term financial viability of an organization often feel that supporting current needs bolsters and affirms their planned gift commitment.

Bequest

Bequest provisions in a will allow the donor to control the distribution of his or her estate, and to preserve as much of that estate as possible through judicious use of tax-saving opportunities. Bequests can be used to supplement a donor's annual contribution, place conservation restrictions on land or make a special gift that will enhance the land trust's ability to achieve its mission.

Charitable Remainder Trust

A charitable remainder trust is an irrevocable trust that provides income for the donor and any other designated beneficiary for life or for a fixed term up to 20 years. The annual income may fluctuate year to year depending upon the structure of the trust, the ages of the donors and any other beneficiaries, the value of the property funding the trust (reduced if subject to a conservation easement), and other factors. When the trust ends, its remaining assets go to the land trust.

Charitable Gift Annuity

A charitable gift annuity is a contract in which the donor agrees to transfer certain property to the land trust, and the land trust agrees to make regular annuity payments to one or at most two beneficiaries for life. The amount of the annuity payment will depend upon the value of the land, the age of the donor and any other beneficiary, the annuity rate selected, and the federal discount rate in effect at the time of the gift.

Reserved Life Estate

With a reserved life estate, a landowner conveys the land to the land trust during his or her lifetime, but continues to live on or use the property until his or her death. (This is also called a donation of a “remainder interest” in the property.) When the landowner dies or releases his or her life interest, the land trust will have full title and control over the property.

Life insurance, IRA and pension plan

By donating these assets or accounts to a land trust, the owner avoids being subject to estate or other taxes on these assets, and may be eligible for an income tax deduction at the time of donation.

Additional Links

- ❖ The First Steps of a Planned Giving Program, *Exchange* Winter 1998 (Vol. 17 No. 1) <http://www.ltanet.org/objects/view.acs?object_id=464>
- ❖ Appendix 6G4: Funds for Stewardship and Enforcement: Bequest Policy, MN Land Trust <http://www.ltanet.org/objects/view.acs?object_id=15294>
- ❖ Basics of Combining Land Conservation & Planned Giving Techniques, Rally Workshop 2P <http://www.ltanet.org/objects/view.acs?object_id=1012>
- ❖ Advanced Topics in Planned Giving, Rally Workshop 2Q <http://www.ltanet.org/objects/view.acs?object_id=1013>
- ❖ Ask an Expert, *Exchange* Fall 2000 <http://www.ltanet.org/objects/view.acs?object_id=382>
- ❖ Exploring Opportunities with Charitable Remainder Trusts, *Exchange* Summer 1998 (Vol. 17 No. 3) <http://www.ltanet.org/objects/view.acs?object_id=445>

(Revised January 2006)