

Charitable Giving Landscape

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Presenters:

Jay Linnehan

President/CEO Greater Lowell Community Foundation

Attorney Annmarie Roark

Roark Law Office P.C.

Patrick Connerty

SVP, Enterprise Wealth Management

Agenda

- Introductions
- Review Charitable Gifting Methods
- Learn Best Practices when developing your campaign
- Discover Resources available to assist with planned giving
- Uncover Challenges faced while executing a planned giving campaign
- Questions & Wrap-Up

Review Charitable Gifting Methods

CHARITABLE PLANNING OPPORTUNITIES

ATTORNEY ANNMARIE ROARK



INTRODUCTION

- Testamentary Devises
- Life Insurance Policies
- Retirement Accounts
- Charitable Gift Annuities (CGA)
- Charitable Remainder Trusts (CRT)
- Charitable Lead Trusts (CLT)
- Remainder Interest in Real Property
- Donor Advised Funds (DAF)



TESTAMENTARY DEVISES

- ❑ A devise is a gift to a charity that is provided for in an individual's will or an individual's revocable trust agreement; in each case the receipt of the gift by the charity is postponed until the death of the individual.
- ❑ A devise is usually structured as:
 - (i) a specific dollar amount;
 - (ii) a percent of the estate or the trust; or
 - (iii) specific property.



LIFE INSURANCE

- ❑ A life insurance policy can be structured as:
 - (i) a lifetime gift of the policy; or
 - (ii) a life insurance death benefit.



RETIREMENT ACCOUNTS

Tax Deferred Retirement Accounts

- ❑ With the exception of an IRA charitable rollover gift, there are few advantages associated with an individual's lifetime gift of retirement accounts to a charity. However it is extremely tax-efficient to transfer retirement assets to a charity at death.



RETIREMENT ACCOUNTS

Lifetime IRA Charitable Rollover

- ❑ A lifetime gift of assets in a retirement account to a public charity, which excludes private foundations and donor advised funds, is ideal for an individual with a charitable intent who has already maxed out his charitable deduction for the year.
 - Individual must be 70.5 years old at time of distribution
 - Rollover cannot exceed \$100,000
 - Must be direct deposit to charity from plan custodian
 - Charity must provide contemporaneous written acknowledgement to individual
 - Rollover may satisfy individual's MRD for the year
 - The gift is excluded from the individual's gross federal income, but the individual does not receive a federal tax charitable deduction for the gift.



CHARITABLE GIFT ANNUITIES (CGA)

- ❑ An arrangement whereby the individual during their lifetime transfers property to a charity and the charity agrees to pay a fixed annual amount (annuity) to one or more non-charitable beneficiaries (“the annuitants”) for life.
- ❑ A Charitable Gift Annuity (CGA) is a contract and payments under the CGA are backed by all of the charity’s assets.



CHARITABLE REMAINDER TRUSTS (CRT)

- ❑ A Charitable Remainder Trust is an irrevocable trust which pays one or more non-charitable beneficiaries a defined annual amount for a specified period of time. At the end of the period, the remaining trust property is paid to one or more charities.
- ❑ Generally, the term of the trust is measured by the lives of one or more of the non-charitable beneficiaries or by a term of years.
- ❑ The CRT must make an annual payment to the non-charitable beneficiaries either as a unitrust amount or an annuity amount.



CHARITABLE LEAD TRUSTS (CLT)

- ❑ A Charitable Lead Trust is an irrevocable trust that pays one or more charities a defined annual amount for a term of years. At the end of the term, the remaining trust property is distributed to one or more non-charitable beneficiaries.
- ❑ A Charitable Lead Annuity Trust (“CLAT”) is a CLT that provides for a fixed annual payment to a charity. The annuity payment may vary over the term of the trust as the payout schedule is specified in the CLT.
- ❑ A Charitable Lead Unitrust (“CLUT”) is a CLT that provides for an annual payment to a charity equal to a fixed percentage of the value of the trust property *determined annually*. The annuity payment may vary over the term of the trust as the payout schedule is specified in the CLT.
- ❑ The charity may be a public charity, private foundation or donor advised fund.



REMAINDER INTEREST IN REAL PROPERTY

- ❑ The individual grants a remainder interest in a personal residence to the charity while retaining the right to live in the residence until his death. Generally, the individual as the life tenant retains all responsibility for all real estate taxes, maintenance and improvements during their lifetime.
- ❑ It is suggested that in addition to a deed, the individual and charity enter into a written agreement describing the respective legal obligations of each.



DONOR ADVISED FUNDS (DAF)

- ❑ A Donor Advised Fund (“DAF”) is a fund or account
 - (i) which is separately identified with reference to contributions of a donor; and
 - (ii) which is owned and controlled by a sponsoring public charity; to which a donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such fund or account.
- ❑ Created by a written agreement between the donor and a sponsoring public charity. The sponsoring public charity retains ultimate control over the use of the fund and all distributions are subject to the discretion of the sponsoring public charity.



The general information in this presentation is not intended to be nor should it be treated as tax, legal, investment, accounting, or other professional advice. Before making any decision or taking any action, a qualified professional advisor who has been provided with all pertinent facts should be consulted.





- Attorney Annmarie Roark
- Admitted to Practice in MA & NH
 - aroark@aroarklaw.com
- 229 Billerica Road, Chelmsford, MA 01824
 - Phone: 978-256-4167
 - Fax: 978-250-8387
- www.aroarklaw.com

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Learn Best Practices when developing your campaign

Discover Resources available to assist with planned giving

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You have TWO great resources right here:

- *Greater Lowell Community Foundation – Jay Linnehan*
- *Roark Law Office P.C. – Attorney Annmarie Roark*

Plus a number of other great “Planned Giving” resources I have used:

- *National Association of Gift Planners*
 - *www.Charitablegiftplanners.org*
- *American Council on Gift Annuities (ACGA)*
 - *www.acga-web.org*
- *PG Calc (local firm, Cambridge, MA)*
 - *www.pgcalc.com*



Uncover Challenges faced while executing a planned giving campaign

Questions & Wrap-Up

Contacts

Attorney Annmarie Roark

229 Billerica Road
Chelmsford, MA 01824
(978)-256-4167
aroark@aroarklaw.com

www.ARoarkLaw.com

Jay Linnehan

President/CEO
Great Lowell Community Foundation
100 Merrimack St., Suite 202
Lowell, MA 01852
(978) 970-1600
jay@glcfoundation.org

www.GLCFoundation.org

Patrick Connerty

Enterprise Wealth Management
Director, Advisor Services
222 Merrimack Street
Lowell, MA 01852
(978)-656-5615
Patrick.Connerty@EBTC.com

www.EnterpriseWealth.com

