

## **What is Gift Planning?**

"Gift Planning" is a highly individualized process that helps you evaluate options with regard to how and what to give to achieve your philanthropic and financial priorities. The result of choosing the "right asset" to give can maximize tax savings, and/or income benefit, while assisting your favorite charity in carrying out its mission. Planned giving is a viable option for donors of all income levels.

## **What are the benefits of a Planned Gift?**

A properly-designed gift can complement your goals in many ways:

- Provide you or someone you designate with lifelong income,
- Reduce or eliminate taxes on capital gains and federal estate taxes,
- Convert low-yielding assets into a higher income stream,
- Generate a substantial federal income tax deduction, and
- Fulfill your personal financial and philanthropic goal.

## **How to make a Planned Gift?**

### Bequests

Bequests are given through a will or a living trust.

You can arrange to bequeath a gift from your estate in different ways. You can set aside a specific dollar amount, leave a percentage of your estate, or leave any assets left over after your family has been provided for. Some people use a bequest to give to a charity specific items that they own, such as a car, home, stocks, art or jewelry.

### Charitable Remainder Trust

A charitable remainder trust (CRT) can be funded with a wide range of assets, including stocks, cash or real estate. A CRT provides a reliable stream of income payments to you and/or someone you designate for life or for a selected term of years. The remainder of the asset will go to Chinese Hospital as you direct.

If you establish a CRT, you may be eligible to receive several tax benefits, including a current charitable income tax deduction, a bypass of capital gains tax on appreciated assets, and a reduction in estate taxes. Your tax adviser will help you determine how each of these benefits applies in your specific situation.

For example, if you have a second home or extra property that you no longer wish to manage. You can retain the use of the property for the rest of your life and then benefit Chinese Hospital thereafter.

### Charitable Lead Trust

When you create a Charitable Lead Trust (CLT) in favor of Chinese Hospital, the CLT makes regular payments to Chinese Hospital now. When the trust terminates, the entire principal is returned to you or to your family.

Our income interest further reduces the taxable value of the trust assets when they pass to your family. This feature makes the CLT especially useful if you are holding assets likely to appreciate significantly before they are transferred to the next generation.

### Life Insurance

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children or other dependents when we die. But when an existing policy is no longer needed in whole or in part to satisfy its original purpose (the children are grown, the spouse is well provided for), the policy can be an ideal asset to fund a charitable gift larger than anything you might be able to fund during your lifetime.

You may either name Chinese Hospital as a beneficiary of your policy, or transfer the ownership of the policy to Chinese Hospital as well as designating it as its beneficiary.

### Retirement Plan Donation

You may consider using retirement-plan benefits, such as a 401(k), 403(b), IRA, or Keogh, to make a significant gift that will support Chinese Hospital. And because of the severe tax treatment of retirement-plan benefits, the cost of your gift to your estate and heirs is often relatively small.

Income taxes on retirement-plan benefits are deferred but not avoided. That means that, when these assets are withdrawn during retirement, they are subject to income tax.

In addition, retirement-plan benefits left to children, grandchildren, and other beneficiaries at the death of the account owner are subject to both income tax and estate tax. The liability of the combined taxes can be substantial leaving only a much smaller portion of the hard-earned assets to the beneficiary.

### IRA Charitable Rollover (NEW LEGISLATION)

There's good news for individuals aged 70½ or older with individual retirement accounts. If you are required to receive minimum distributions from your IRA and you do not need the money for personal use, consider transferring a certain amount, up to \$100,000 per year in 2008 and 2009, from your IRA directly to Chinese Hospital and avoid paying income tax on the transfer.

### Contribution through Donor Advised Funds

A donor advised fund is a dynamic gift option that is growing in popularity. In fact, some people have started using their donor advised funds as a kind of "family foundation" to involve the entire family in philanthropy. For donors who want to stay involved in advising on the use of their gift, a donor advised fund offers participation without being as restrictive or as expensive to establish as a private foundation.

As a donor, you will decide the recipients of your giving according to your own principles and charitable interests by making specific recommendations for grants to nonprofit organization, like Chinese Hospital. Along with maximizing your tax benefits, you will be free from the details of financial management, reporting, and other paperwork. You focus only on the beneficial use of your donations.

*The information provided herein is general in nature and may not apply to all individuals. Prospective donors are urged to consult their attorneys and financial advisors concerning specific consequences of making planned gifts. Meanwhile, we would be pleased to discuss, in confidence, ways in which you may support Chinese Hospital.*

Please call the Office of Fund Development at Chinese Hospital at (415) 677-2470 or email at [donate@chasf.org](mailto:donate@chasf.org).