

PLANNING YOUR GIFT TO CHARITY: NUTS AND BOLTS

A frank discussion

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- I. Working with professionals
 - A. Your charity's development officer
 - 1. Acquainting you with special programs offered by the charity
 - a. Gift annuities
 - b. Donor recognition
 - 2. Helping you decide and articulate the purpose for which the gift will be used
 - a. Your wishes
 - b. The charity's needs
 - B. Financial planning professionals
 - 1. Advising which assets are most appropriate for charitable giving
 - 2. Assisting you in determining the income and cash flow effects of various charitable gift strategies
 - 3. Calculating approximate amount of tax deductions available from planned giving techniques
 - C. Stockbrokers
 - 1. Instrumental in any sale of stock given to charity
 - 2. Reinvestment of proceeds of charitable gifts
 - D. Insurance advisers
 - 1. For gifts of life insurance, assists in completing the required paperwork
 - 2. Can help select new life insurance products to replace assets given to charity
 - E. Attorneys
 - 1. Advising which assets are most appropriate for charitable giving
 - 2. Drafting documents for planned gifts
 - a. Trust agreements
 - b. Qualified plan beneficiary designations
 - c. Wills and codicils
 - 3. Calculating approximate amount of tax deductions available from planned giving techniques
 - 4. Coordinating efforts of multiple professionals
 - F. Accountants
 - 1. Determining tax basis of capital gain assets
 - 2. Preparing IRS forms upon creation of charitable trusts
 - 3. Preparing annual tax returns for charitable trusts
 - 4. Preparing donor's individual tax returns
 - G. Qualified plan administrators or IRA custodians provide forms for changing beneficiary designations on IRAs and qualified plan accounts
- II. Developing a plan of action
 - A. Gift of an IRA or pension account

1. Consult your financial planner or attorney
 - a. Make sure the gift does not trigger current income tax
 - b. Determine which retirement account is the most advantageous to give to charity
 - c. Prepare new beneficiary designation
 2. Contact the plan administrator or IRA custodian for the required forms
 3. Contact the charity for correct designation of charitable beneficiary
- B. Gift of life insurance
1. Consult your financial planner or attorney
 - a. Review the tax consequences of the gift, if any
 - b. Determine which policy should be transferred
 2. Contact your insurance agent
 - a. Obtain correct forms for ownership and beneficiary changes
 - b. Review and comply with requirements for transfer of policy
 3. Contact the charity for correct designation of charitable beneficiary
- C. Deferred gift of stock or securities
1. Consult your financial planner
 - a. Determine need for income stream from gift
 - b. Number-crunching: determine size of gift, trust payout rates, size of deductions
 2. Consult your attorney
 - a. Review the tax consequences of the gift
 - b. Proper timing of the gift to maximize tax benefits
 - c. Drafting of any required trust documents
 3. Contact the charity for correct designation of charitable beneficiary
 4. Contact your stockbroker for the transfer
 5. Consult your accountant for IRS reporting
 6. For a current gift of stock or securities, skip steps 1 and 2(c)
- D. Deferred gift of real estate
1. Complete all steps well in advance of any possible sale of the property
 2. Contact the charity regarding whether the charity will accept a gift of the real estate
 - a. Environmental liability concerns
 - b. Management concerns
 - c. Manner in which title will be held

3. Consult your attorney
 - a. Review the tax consequences of the gift (especially for mortgaged property)
 - b. Proper timing of the gift to maximize tax benefits
 - c. Drafting of any required trust documents
 - d. Drafting the real estate transfer documents
 - e. If required for tax purposes, obtain written appraisal report valuing the property
 4. Consult your accountant for IRS reporting
 5. For a current gift of real estate, skip step 3(c)
- E. Cash gifts
1. Contact the charity
 - a. Correct designation of charitable beneficiary
 - b. Obtaining acknowledgment of gift sufficient for IRS reporting purposes
 2. Consult your accountant for IRS reporting