

## PLANNING YOUR GIFT TO CHARITY: NUTS AND BOLTS

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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