The Foundation For Post-Acute And Long-Term Care Medicine

What Every Member Should Know About Planned Gifts

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What is a *planned gift*?

Simply, it is a contribution that reflects the donor's charitable interests and takes into consideration his/her current and future financial needs, his/her assets, and the tax advantages of making certain types of gifts. Gifts can be made on a current basis – now – deferred to the future, or a combination of both. For many donors, a properly planned gift enables them to make a larger gift to a charity while they are alive and to take advantage of several tax incentives.

Isn't the best plan to just make the Foundation a beneficiary in my will?

For many people, that is the best plan, particularly if they feel they will need all their assets available until the time they pass. It is also something that the Foundation strongly encourages – that every member makes a provision for the Foundation in their will. However, a bequest to a charitable organization does not necessarily produce a tax benefit for the donor unless it reduces the net value of his/her estate to the point where estate taxes are avoided. In 2017, federal estate taxes are levied on estates valued at more than $5.49 million. The estate tax may apply only to a surviving spouse. A limitation with bequests is that the donor never gets to see the benefit of their contribution and what it would do for the Foundation. However, there are ways to make planned gifts that create current tax benefits and generate income for the donor or the charity. One arrangement, a *charitable lead trust*, generates a current income tax deduction for the donor, permits the charity to receive trust income for as much as 20 years, and then returns the principle to the donor or his/her family.

When I make a cash contribution, I get a charitable gift deduction. What other ways are there to contribute and what are the tax benefits?

There are many ways, but here are a few:

Appreciated Property

When you turn over stock, real estate or art work, for instance, that have increased in value from the time you purchase them you avoid capital gains taxes on the appreciated value and you also obtain a current charitable gift deduction; some of that tax benefit may be carried over to future years.

Life Insurance

This is an asset you may not be thinking of as something to donate. However, if it is a policy you no longer need, you may make the Foundation a beneficiary of the policy or donate the entire policy to the Foundation now; the latter approach will generate a charitable gift deduction. The Foundation may hold the policy and pay premiums or cash it in. The value of the charitable deduction would be determined by an accountant. Making the Foundation a beneficiary or donating the policy will also keep the insurance benefit from raising the value of the estate.

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Retirement Plans

An individual may make the Foundation a beneficiary of one or more of their retirement plans; doing so may eliminate the risk of paying estate taxes. When the donor is in the year they reach 70½ they are required to withdraw funds from retirement accounts. Making a charitable contribution directly from the retirement fund to the Foundation reduces the amount that must be taken as current income subject to income tax.

Charitable Remainder Trust (CRT)

A CRT enables a donor to obtain income from invested principle for themselves or family members while the donor is alive or after he/she passes. By transferring appreciated property to the trust designated for a charity, the donor avoids paying capital gains taxes on the appreciated assets and is eligible for a charitable gift deduction. Other assets, including cash, may be included in the trust. Set up for a specific number of years or upon the passing of the last surviving income recipient, the remaining trust principle is then transferred to the Foundation as beneficiary. There are many options for setting up such a trust and for determining the annual payout. The Foundation can help a donor learn how to select a planner or fiduciary to establish a charitable remainder trust that meets their needs.

Giving Account

A donor may establish a foundation or, through an investment company like Fidelity or Vanguard, may establish a donor advised fund enabling him/her to transfer assets to a recipient charity (each company has established their own) that in turn makes contributions directed by the donor. The transfer of assets avoids capital gains and generates tax deductions – and may help avoid estate taxes. The invested capital may grow tax free over time. No tax deduction is generated by contributions made from the fund.

What are the Foundation's goals and funding needs?

The Foundation seeks to have a transformative effect on the profession and the post-acute and long-term care environment in which Society members work. To define the parameters of quality medical care across settings and to attract the necessary workforce to assist millions of patients each year, the Foundation has created the *Institute for Post-Acute and Long-Term Care Excellence.* The *Institute, a* conceptual framework for projects which spam across the Society enterprise, is dedicated to research, policy development and workforce recruitment and training, including determining optimal recruitment and training methods.

The Foundation Board foresees this endeavor as a multi-million-dollar initiative and is accepting gifts for the first years' projects that have a budget of $500,000. Gifts of all sizes are welcome, particularly at $50,000, $100,000 or $250,000 or more which can help launch an individual project. Providing for programs will enable AMDA-the Society to be the leader in quality post-acute & long-term care. Certainly, the challenges in the years ahead for the profession and its members are going to be significant as baby boomers reach the latter years of their lives.

How do I get started?

We recommend that you speak to a member of the Foundation staff, Board or Development Committee. We can learn about your interests and plans and help you locate appropriate information or professional advisory services. Selection of advisors will be your choice; the Foundation does not make specific referrals.

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www.paltcfoundation.org