A resource for individuals

Guardian Wealth
Advanced Markets

Charitable bequests

Giving to charity without losing control of your assets during your lifetime

You have always made charitable donations throughout your lifetime. However, you would like to make more significant donations of your assets but are uncomfortable with the idea of relinquishing ownership, control, and use of them during your lifetime. Every time you consider making a large charitable gift, you worry that giving your assets to charity will jeopardize your current lifestyle. At the same time, you understand that holding onto your assets until your death may subject them to estate taxes, and you would like to avoid making a "charitable" gift to the IRS. Is there a way to make a significant impact in your community while allowing you to retain full control over your assets until your death?

One solution: Charitable bequests

A charitable bequest is one you make to your favorite charities upon your death. This is sometimes known as "planned giving." The bequest can be made through your Last Will and Testament or Revocable Living Trust. You may bequeath cash, investment accounts, real property, or tangible personal property, such as valuable artwork, through your will or trust. You may also make charitable bequests of assets that do not pass through your will or trust. These would include assets having a beneficiary designation, such as your life insurance, IRAs, 401(k) plan, or annuities. The important thing to remember is that, regardless of the type of asset you decide to give to charity, a charitable bequest ensures you never have to give up control and ownership over the property during your lifetime.

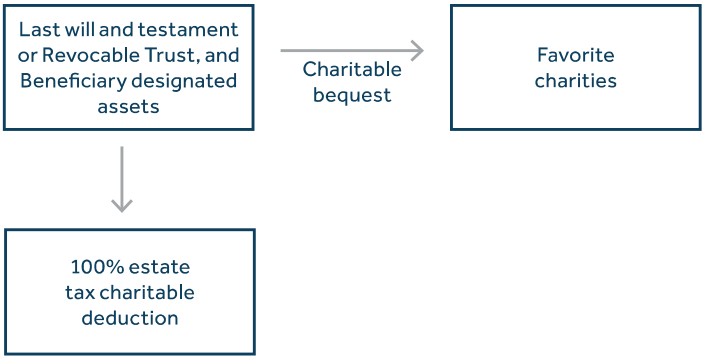
Unlike lifetime charitable gifts, where you lose complete control and access over the property once given to charity, charitable bequests offer much more flexibility. You may revoke or modify the bequest at any time prior to your death. If the bequest is made through your will or revocable living trust, these documents may be amended to reflect your changed goals and intentions. Beneficiary designations may also be easily changed by completing the appropriate beneficiary designation change forms of a financial institution.



Charitable bequests are also well suited if you have estate tax concerns. Although assets bequeathed to charity are fully included in your gross estate, the estate is entitled to a full estate tax charitable deduction. The charitable estate tax deduction is generally equal to the fair market value of the property.

If your estate consists largely of retirement plans, IRAs, annuities, stock options, or even deferred compensation, charitable bequests can help you from an income tax perspective, too. These types of assets generate what is technically referred to as Income in Respect of a Decedent (IRD). IRD is income that you were entitled to at your death, but was not yet taxed. Normally, the beneficiary receiving the asset is responsible for paying the income taxes, although she/he is allowed an income tax deduction for any estate taxes paid on the asset. Qualified charities, however, are not subject to income taxes since they are tax-exempt organizations.

How does it work?



Benefits

- You can make a significant charitable impact on your community without sacrificing your goal of controlling and using your assets during your lifetime.
- You may make a specific bequest of cash or other assets. You may even bequeath a certain percentage of your estate to charity.
- No estate taxes will be due on the bequest since your estate will receive a 100% estate tax charitable deduction for the amount left to charity.
- Income taxes on certain assets can be eliminated by leaving them to charity.

Please consult with your Guardian financial advisor if you have any questions concerning this document.

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