

## [Overview](#)

### Legacy Gifts & Gift Planning

Since the inception of Gathering Thunder Foundation, many donors have contributed to its cause. Large and small, these gifts are vital to the success of GTF's efforts to alleviate poverty and preserve the Culture and Sacred Traditions of the Native American culture. While most gifts come in the form of cash via check or credit card, many have found that time spent considering WHAT to give as well as WHEN and HOW to structure their contributions can help them make more meaningful gifts while meeting personal planning goals as well.

Exploring GTF's gift planning options, you will:

- Discover ways to make larger gifts than you may have thought possible.
- Learn how to make gifts that actually "give back" for a time, providing extra income in retirement years or helping to fund elder care, educational expenses and other needs of loved ones.
- Add special meaning to your gift by making a gift that honors a special friend or loved one.
- See how to save money on income, gift, and estate taxes and instead put those amounts to use in ways you choose.
- Enjoy giving more, knowing that you're giving the most you can at the lowest possible cost.

That's what effective gift planning is all about. It just makes sense to make the most of what you have by preserving financial security for yourself and your loved ones as you make a positive impact through GTF.

If we can be of assistance, please email us at [legacygifts@gatheringthunderfoundation.org](mailto:legacygifts@gatheringthunderfoundation.org)

## What To Give

### The Choice of What to Give

#### Cash: A Popular Gift

Gathering Thunder Foundation commonly receives gifts in the form of cash and checks. Cash gifts are convenient for many people and are easily recorded through canceled checks and receipts. Remember that it is important to save all receipts to assure maximum tax savings.

#### Non-Cash Gifts: Enjoy More Savings

Many GTF supporters also choose to make their gifts in forms other than cash. Examples include:

- Securities (stocks, bonds, mutual funds)
- Real estate
- Retirement plans
- Life insurance policies

After considering the properties you own, you may find giving something other than cash to be an appealing alternative. Giving non-cash property enables you to help GTF while conserving cash for other uses and enjoying what may be greater tax savings than those provided by gifts of cash.

#### Giving Appreciated Property

If you have non-cash property, such as stocks and mutual funds, that has grown in value (appreciated) and been held long-term (more than one year), you can generally enjoy greater tax savings from giving such property than from giving an equivalent amount of cash. That's because a gift of appreciated property lets you bypass capital gains tax that could be due if you sold the asset. You are also entitled to a charitable deduction based on the property's current value, including the "paper profits" you have earned since you have owned it.

**Example:** Jean is in the highest federal income tax bracket. She wants to give \$5,000 to GTF. Should she give stocks, bonds, or mutual funds worth that amount, or sell them and give the cash from the sale?

If she gives \$5,000 cash, she'll receive a deduction for \$5,000, saving her \$1,750 in taxes. If she gives stock valued at \$5,000 that was purchased years ago for \$1,000, she will achieve the following results:

- A charitable income tax deduction for \$5,000, saving her \$1,750 in taxes (just like a cash gift), plus

- Avoidance of capital gains tax on the \$4,000 increase in value, an \$600 savings (15% capital gain tax rate x \$4,000)

All told, the after-tax cost of Jean's gift of stock worth \$5,000 is just \$2,650. Comparing that to the \$3,250 after-tax cost of giving cash, she decides to give the stock and thus make the same gift to GTF at a savings of more than 20% over the after-tax cost of the same gift in the form of cash.

### Giving Depreciated Property

If you have stock or other property that has decreased in value, you will normally save more in taxes by selling them and giving the proceeds. You may then be able to claim a capital loss on your tax return. You can also deduct the cash proceeds you give as a charitable gift. The result can be to enjoy tax deductions that amount to more than the current value of the asset.

### Market Uncertainty

If you are concerned about market fluctuations, you may be interested in strategies that can lock in today's current value on a "tax-free" basis, provide a fixed or variable income, and other benefits. If so, see "Gifts that provide income."

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## Income to You or Others

### Gifts that Provide Income to You and Others

Did you know it is possible to make a gift to fund GTF programs while retaining income for you and/or your loved ones? In fact, you can choose from among several ways to give to GTF that feature income for life or another period of time.

Those who make use of these gift plans may find that they can give more than they ever thought possible when they discover the additional benefits of tax savings, professional asset management, and regular payments for a time period they choose.

They also find that making significant gifts need not mean sacrificing their own or their loved ones' financial security. In fact, giving in this way can result in meeting a number of goals by helping them:

- Increase income from low-yielding stocks, bonds, or other assets.
- Enjoy generous income payments to help cover expenses in pre-retirement years.
- Create a supplemental source of retirement income that is permanently set apart from other assets.
- Assure a protected income for a spouse or other surviving loved ones.
- Arrange to provide funds to assist parents in later years.
- Plan to cover educational or other expenses for children or grandchildren.

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## [Providing for Heirs](#)

### Charitable Lead Trusts

#### *Make a Temporary Gift & Provide for Heirs*

Did you know there is a way to make a charitable gift using funds that will eventually be returned to you or your loved ones? Remarkably, such a plan exists. A charitable lead trust can be used to achieve what might at first seem to be conflicting goals. Consider the benefits of a charitable lead trust:

- You can make a significant gift of income to help GTF preserve the traditions of the Native American culture that will begin immediately and continue for as long as you wish.
- Such a gift can serve to reduce or eliminate income, estate, and gift taxes now and in future years as well.
- A charitable lead trust can be a great way to fulfill a multi-year pledge.
- Your gift can be part of a plan that helps assure future economic security for you and your loved ones.
- You may be able to provide your heirs with a larger inheritance than would otherwise be possible.

There are other gift plans that feature annual income for you or others you choose. Under such plans, when income ceases, any remaining funds are transferred to GTF. Under the terms of a charitable lead trust, however, GTF receives a gift in the form of payments from the trust that begin immediately and last for a period of time you determine. At the end of that time period, assets remaining in the trust are returned to you or others you designate. One result can be to provide an inheritance for loved ones at little or no after-tax cost.

As you can see, the charitable lead trust can be an especially attractive way to meet multiple personal and charitable planning goals.

Example: Richard and Mary would like to eventually leave \$500,000 to their teenage children. They have been told by their advisors that they will have to leave a much larger amount to their children for them to realize \$500,000 after estate taxes. As an alternative to leaving a gift at their death to their children, Richard and Mary decide to fund a charitable lead trust for the benefit of GTF with \$500,000. The trust will make payments to GTF each year equal to 6% of the amount used to fund the trust, or \$30,000. They will not owe income tax on the earnings of the trust as they are received by GTF. The payment amount will be fixed and will not change

over the term of the trust, which they decide will be 20 years.

At the end of the 20-year period, after charitable gifts totaling \$600,000 have been made, Richard and Mary's children will receive \$500,000 or whatever other amount remains in the trust. Because of the charitable gifts to be made from the trust over time, little or no estate or gift tax will be due on the amount placed in the trust. If the assets in the trust grow in value during the term of the trust, the children will also receive any amount over \$500,000 free of gift and estate taxes at a time in life when they may be more responsible and have greater need.

To summarize, Richard and Mary have:

- Made a wonderful gift to immediately fund the important work of GTF
- Provided for a significant inheritance for their children at a time when they have reached maturity.
- Greatly reduced or eliminated gift and estate taxes that would otherwise be due on the \$500,000 originally placed in the trust, along with the amount of any growth that occurs in the assets over time.
- Avoided taxes on the income from the property used to fund the trust that they would have otherwise paid during the period the trust is in existence.

### *Replacing Gifts with Life Insurance*

Life insurance can be used in many ways to help you make charitable gifts more effectively. One example is the use of life insurance to "replace" your estate funds that have been devoted to charitable use. The life insurance proceeds thus serve to provide an inheritance for heirs that might not otherwise be available.

For example, you might use the tax savings and all or a portion of the income generated by a charitable remainder trust or other gift plan to purchase life insurance benefiting your heirs. That way, GTF receives the gift you intend, while your heirs enjoy their inheritance – often at little cost to you or your heirs. Check with your life insurance professional or other advisors for additional information regarding this option.

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## [Gift Annuities](#)

### Charitable Gift Annuities

A charitable gift annuity is an extremely flexible way to make a gift. It can be designed to provide a fixed income for life for you and/or others you choose and can be created with gifts of relatively modest amounts.

For example, you can make a gift through a charitable gift annuity agreement for as little as \$10,000. Here's how a GTF charitable gift annuity works:

1. You transfer cash or other assets to GTF to fund your gift annuity agreement. This involves completion of a simple agreement.
2. You'll receive generous fixed payments annually (or more frequently if desired) that will never vary in amount. The amount of your payment is a percentage of your gift determined by your age and other factors at the time your gift is funded.
3. You will be entitled to an immediate income tax charitable deduction. In addition, part of each annual payment is tax-free for the period of time equal to your life expectancy.
4. If desired, you can also choose to name another person (typically a spouse, parent, or sibling) to receive payments with you, instead of you, or following your lifetime for the remainder of his or her life. (All annuitants must be at least 65 for immediate payment gift annuities.)
5. The assets used to fund your gift annuity will generally be removed from your estate for tax purposes.
6. You make a significant gift to GTF for a portion of the amount used to establish your gift annuity agreement.

Some choose to fund a new gift annuity agreement with GTF each year. Since payment rates increase with age, each gift annuity generally brings larger annual payments.

When property, such as stock, that has increased in value is given for a gift annuity, part of the capital gains tax that would normally be due on its sale can be avoided at the time of the gift, and a portion of the gain can be reported over the annuitant's life expectancy. The charitable deduction is typically based on the current value of the property, not its lower original cost. The use of appreciated, low-yielding assets to fund a gift annuity can thus be an excellent way to completely bypass capital gains tax at the time of your gift, enjoy a current income tax charitable

deduction, and gain the advantage of reporting a portion of each payment at lower, more favorable capital gains tax rates for a number of years.

<p>For example: Maureen, 75, decides to give \$20,000 for a GTF gift annuity. The payment rate at her age is 6.3%. She will thus receive a payment each year of \$1,260 for life and a tax deduction of over \$9,200 for the year of her gift.</p>	<p>Amount transferred to GTF ... \$20,000</p>
<p>In addition to the income tax deduction, over 70% of each annual payment will be received free of tax for the first 12 years of her payments.</p>	<p>Rate of payment to Maureen ... 6.3%</p>
<p>If Maureen had wished, she could have named her brother or another loved one to continue to receive annual payments for his lifetime in the event of her death. The payment rate and tax benefits in such a case would be somewhat less since the payments would be made for two persons' lives.</p>	<p>Annual payment to Maureen for life ... \$1,260</p>
	<p>Immediate income tax charitable deduction * ... \$9,223 *depends on IRS discount rate in effect</p>

Deferred gift annuities make even larger payments that can begin when you retire or at another future date you choose.

For additional information contact us at [legacygifts@gatheringthunderfoundation.org](mailto:legacygifts@gatheringthunderfoundation.org).

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## Will or Living Trust

### Giving Through Your Will or Living Trust

In addition to filling an important role in providing for your family and others, your will or living trust can be a way to make a wonderful gift to GTF. It can be gratifying to know that a portion of your property will be put to good use after you no longer need it.

A gift made by will or living trust can be simple to arrange. A provision or amendment prepared by your attorney at the time you make or update your will or trust is all that is necessary. Gifts via wills and living trusts are popular because they are easy to arrange and may be changed at any time you choose.

#### *Ways to give through wills and trusts:*

- Give only the remainder, or residue, of your estate—that is, what remains after all other bequests to friends and loved ones are satisfied.
- Designate that a percentage of your estate be given through your will or living trust.
- Leave a specific dollar amount. A gift of a particular amount may be designated for general use or for a special purpose you discuss with a representative of GTF.
- Provide for a gift of a specific property. Real estate, stocks, and other items of value are examples of properties GTF receives as charitable bequests.
- Arrange a trust as part of your estate plan to provide income to a loved one, with an eventual gift to GTF after that person's lifetime or another period of time you choose.
- Name GTF to receive a contingent bequest in the event other heirs are not there to receive their legacies.

There is currently no limit on amounts deductible from federal gift and estate taxes for charitable gifts made by will or trust, so no tax will be due on assets given in this way. To plan a bequest to GTF, please inform your attorney of your wishes and ask for advice regarding the best form for your gift.

**Example:** Bob has been a generous supporter of GTF since inception. When he revised his will, he decided to provide that GTF would receive his estate should his daughter not survive him.

Today his daughter is financially independent. After careful consideration of his overall plans, especially the fact that he can now leave more to his daughter free of estate tax, Bob decides to revise his will to provide that GTF will receive a generous gift from his estate at the time of his death while his daughter will still inherit the majority of his assets. The amount left to GTF will be fully deductible for estate tax purposes and could result in a significant reduction in estate taxes that might otherwise be due under current or revised tax law provisions.

### *Options using life insurance and retirement plans*

Many people have life insurance or retirement plans with significant balances. In some cases, these assets total more than is needed for a comfortable retirement, and could give rise to heavy estate taxes.

In that case, it may be wise to consider using these funds to make charitable gifts now or in the future. A simple change of beneficiary form may be all that is required for gifts of what remains in your accounts. As in the case of gifts through wills and revocable living trusts, such gifts can be arranged to take place only if loved ones predecease you, or in the event of other circumstances you specify. For more information on retirement plan giving and special tax incentives for those over 70½ who make gifts from these accounts, visit the retirement plan section.

Your retirement plan benefits advisor or your life insurance professional can also provide more details upon request.

### *Banks and Brokerage Accounts*

One of the easiest ways to provide a gift to charity involves naming a charitable beneficiary for any funds that remain in a bank or brokerage account at your death. The gift is arranged by completing a simple P.O.D (Pay on Death) form for a bank account or a T.O.D (Transfer on Death) form for a broker account. Your bank branch officer or financial officer can assist you.

For additional information contact us at [legacygifts@gatheringthunderfoundation.org](mailto:legacygifts@gatheringthunderfoundation.org).

## Retirement Plans

### Giving Through Retirement Plans

Millions of Americans have taken advantage of tax incentives provided by Congress to encourage saving for retirement through contributions to Individual Retirement Accounts (IRAs), 401(k)s, and similar plans.

In addition to income tax savings at the time contributions are made to such plans, the assets in the plans then build tax free over time for future enjoyment.

Amounts held in tax-favored retirement plans are typically not subject to income tax until they are actually withdrawn from the plan by the plan owner or surviving heirs.

### *Making gifts today*

You may find that your retirement plan can be a convenient "pocket" from which to make charitable gifts to GTF each year.

If you are over the age of 59½, and can make withdrawals from your traditional IRA or other tax-favored retirement plan without triggering an "early withdrawal" penalty, you may wish to make withdrawals from retirement plans in amounts sufficient to fund all or a portion of your charitable gifts to Gathering Thunder Foundation. Those over the age of 70½ who are required to take mandatory withdrawals from retirement accounts in excess of amounts needed to fund current living expenses may also wish to make their gifts in this way.

Although you will be required to report the income on your tax return, when you itemize your deductions you are allowed a corresponding federal income tax charitable deduction for your cash gifts up to 50% of your adjusted gross income (AGI).

If you are able to deduct the full amount of the gift/withdrawal, this can amount to a "wash" for tax purposes and ensure these funds will, in effect, never be subject to gift, income, or estate taxes. You may also enjoy comparable state tax savings.

You should seek assistance from your accountant or other advisor when determining the optimum amount to give from retirement plan accounts under federal and state tax laws.

### *Example:*

John, age 64, enjoys making charitable gifts in the form of cash each year. This year, after reading about the benefits of gifts using funds from retirement account assets, he decides to make a portion of his gift using amounts withdrawn from his IRA.

## Summary of benefits:

- John reports the withdrawal amount on his federal income tax return but enjoys a deduction that in his case fully offsets tax that would otherwise be due.
- His state also does not impose tax on the amount withdrawn.
- The amount donated is removed from his estate and his heirs will inherit other assets that will not be subject to income tax when received.

### *Watch for special provisions*

*Legislation is pending in Congress that would renew special opportunities for gifts from traditional and Roth IRA funds for persons over age 70½. Provisions that expired at the end of 2009 allowed for non-taxable gifts to be given directly to qualified charitable interests. Check here or with your tax advisors for the latest information regarding the status of this legislation.*

### *Avoid double taxation*

You may also want to consider including charitable gifts to GTF as part of your plans for the future distribution of any balances remaining in your retirement plans at the end of your lifetime.

Because they are included as part of one's estate at death, the assets in tax-favored retirement plans such as an IRA, 401(k), SEP, and others can be subject to any applicable federal (and perhaps state) estate taxes.

Additionally, when heirs receive the balance of retirement plans after payment of any state or federal estate taxes that may be due, income tax will also be due—up to 35% or more—depending on state income taxes and other factors. Thus, the combination of income and estate taxes that could eventually be levied on retirement accounts may, in some cases, amount to a large portion of an account's value.

Rather than allowing retirement assets to be reduced by a combination of estate and income taxes, you can direct that such assets be used to fund charitable gifts to GTF from your estate. This can actually result in more assets being received by loved ones than if retirement assets were left to family and charitable gifts were made from other funds.

Please e-mail [legacygifts@gatheringthunderfoundation.org](mailto:legacygifts@gatheringthunderfoundation.org) for more information.

## [Charitable Trusts](#)

### Charitable Remainder Trusts

#### Reach Many Goals

For those considering a transfer of six figures or more, trusts are very flexible planning tools that can be used to accomplish a wide range of goals. Some people rely on them to reduce property management chores. Others use trusts to delay distribution of property to heirs on account of their age or for any number of other reasons.

Trusts also allow a person to arrange for their property to first be put to one use, then to another. A charitable remainder trust offers a way to arrange a meaningful gift to Gathering Thunder Foundation while first providing income for yourself and/or others you name.

Here's how such a trust functions:

1. You, as the donor, create a trust, drafted by an appropriate professional advisor with the input of a GTF representative if desired.
2. Cash or other property is transferred to the trust to be managed by you or another person or other entity you choose as trustee. The trustee manages the property for you, your spouse, and/or other beneficiaries you choose.
3. Each year payments are made from the trust to you and/or other beneficiary(ies).
4. You receive an income tax charitable deduction and may enjoy capital gain tax savings in the year you create the trust.
5. Payments continue until the trust ends. The trust document specifies the time when this is to occur, such as at the death of the last beneficiary or after a stated period of time.
6. When the trust terminates, its assets become a gift to further the work of GTF. The gift portion is known as the charitable remainder. If you wish, it can be used to create a memorial honoring whomever you choose.

#### A Gift With an Income That Never Changes

A charitable remainder annuity trust is a way to make a gift while receiving a fixed, regular income. Income from such a trust can be a reliable supplement to other income in retirement years. Through the use of such a plan, professional management of assets can also be achieved for you and/or surviving loved ones. The payments received each year must be at least 5% of the amount originally placed in the trust. You determine the exact amount when your trust is created.

Example: Marie, 72, decides to transfer	Here are the results she achieves:
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<p>\$250,000 to a charitable remainder annuity trust. She funds the trust with stocks that cost \$150,000 and are yielding just 1%, or \$2,500, per year in income.</p> <p>Marie provides that her trust will pay her 5% of \$250,000, or \$12,500 each year, regardless of the actual earnings of the trust. She is pleased to be able to greatly increase her income while making a significant gift to GTF.</p>	<p>Annual income for the rest of her life (5% of \$250,000) ... \$12,500</p> <p>Capital gains tax when the trust is created ... \$0</p> <p>Income tax deduction* ... \$129,848</p> <p>(Her deduction may be carried forward for as many as five future years if amount is more than can be deducted in the year of her gift.) *deduction amount depends upon IRS discount rate in effect.</p>
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### A Gift With a Fluctuating Income

Like the annuity trust, the charitable remainder *unitrust* provides for a gift while a donor retains income. But unlike the annuity trust, the income from a unitrust fluctuates with the value of the assets placed in the trust.

You determine the annual payout percentage when the gift is made. Each year this percentage (at least 5%) of the value of the trust assets is paid to you or others you name. When the value of the investments goes higher, more income is received. The income will be less if the value of the assets declines. Additions can be made to this trust, and a tax deduction is allowed for part of each amount contributed.

For those who have reached the limit that can be deducted for contributions to Individual Retirement Accounts (IRAs) and other retirement plans, the charitable remainder unitrust could play a welcome role in building additional income for retirement years.

**Example:** In the example above, if Marie had instead chosen the charitable remainder unitrust option with payments based on 5% of the value of the assets in the trust each year, the first year she would receive \$12,500. Next year, if the assets are worth \$275,000, her income rises to \$13,750 (5% of \$275,000). If the value of the assets is less next year, her income will be reduced by a corresponding percentage.

In this case, Marie is entitled to a deduction equal to over half of the amount with which she funds the trust. She also avoids capital gains tax at the time the trust is created. The charitable remainder unitrust can be an excellent way to provide for an income today with the possibility of future growth for those who believe that investment assets will grow in value in future years.

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