

# Planned Giving Strategies

The Spirit Horse Ranch

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## Are You Planning Your Legacy?

Planned Giving ensures the vision for your legacy is carried out as desired. There are several ways to provide a planned gift, like providing gifts of appreciated stock or real estate, naming a beneficiary in your retirement assets or life insurance policy, or making a recommendation with your Donor Advised Fund.

There are planned gift options that do not impact your disposable income, while others might work to eliminate or reduce capital gains tax in a way that would allow you to make a bigger contribution compared to a cash donation. A planned gift can also provide significant tax breaks or can be a mechanism to guarantee income for you or your loved ones for life.

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**Make a difference now, over decades, and for generations to come.**

The information presented is not intended to serve as financial advice.

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### Bequests in a Will or Living Trust

The most common planned gift is one made in a will or a trust. You also have the flexibility to change your will in the event that circumstances change. Bequests can be made by anyone, at any time, and at any income level. By including language in your will or trust that specifies a gift to be made to family, friends, and including The Spirit Horse Ranch, you are choosing to make a lasting impact.

### How?

- Gift of a percentage of your estate;
- Gift of a specific dollar amount or asset;
- Gift from the balance or residue of your estate; or
- Gift by designating a beneficiary of a certain asset(s).

## **Benefits**

- Change or modify your wishes at any time;
- Lessen the burden of taxes on your family;
- Offset or eliminate estate taxes, leading to a larger inheritance for your heirs;
- Receive (possible) estate tax savings;
- Peace of mind knowing that your gift will be used as intended; and
- Leave a legacy of generosity.

## **Donor Advised Funds**

A donor advised fund is like a charitable savings account. It gives you the flexibility to recommend how much and how often money is granted to ours and other qualified nonprofits. You can recommend a grant or recurring grants now to make an immediate impact or use your fund as a tool for future charitable gifts.

## **Convenient and Simple**

Your financial and charitable goals are a reflection of your commitment to support the future of your loved ones, charitable organizations you value, such as ours, and the greater community. But sometimes it can be difficult to keep track of the organizations you wish to support and the documents required to receive your benefits from charitable gifts. A convenient and easy way to organize your charitable intentions is to create a donor advised fund.

## **How it Works**

1. You open a donor advised fund by a written agreement at a community foundation or sponsoring organization. Most donor advised funds require a minimum gift to open your fund, although additional contributions may be less.
2. You can name your loved ones as your successor to continue to recommend grants to charitable organizations, or you can name The Spirit Horse Ranch as a beneficiary to receive all or part of the account after your lifetime.
3. You can make contributions to your fund at any time. Your contributions are invested by the sponsoring organization, which provides a regular accounting to you.
4. You make the recommendations that various amounts be distributed to charitable organizations of your choice, such as ours.

5. You qualify for a federal income tax charitable deduction for gifts to your donor advised fund.

### **Benefits**

- Convenience: Setting up a donor advised fund qualifies you for a federal income tax charitable deduction when you make a gift to the fund without immediately having to choose the charities you want to support;
- Simplicity: You can support a number of charitable organizations without having to retain records for a number of separate contributions; and
- Family Philanthropy: Families can build a tradition of giving and teach their children the values of philanthropy by involving them in the decisions about which grants to recommend.

### **Life Insurance**

Do you have life insurance policies that you no longer need? Perhaps the children have grown or a spouse has deceased. Naming our organization as a beneficiary of a policy is a wonderful gift that can reduce taxes that may otherwise be left up to your children after your life. You can designate our organization as partial, full or contingent beneficiary of your life insurance policy. You will continue to own and can make use of the policy during your lifetime.

The policy will be included in your taxable estate when you pass away. Your estate will benefit from an estate tax charitable deduction for the value of the gift to us. Your deduction for the gift of life insurance will depend on whether the policy has increased in value above the premiums and whether the policy is paid up or there are remaining payments to be made.

### **Benefits of Gifts of Life Insurance**

- Receive a charitable income tax deduction;
- If we retain the policy to maturity, you can receive additional tax deductions by making annual gifts so that we can pay the premiums;
- If our organization cashes in the policy, you will be able to see firsthand how your gift supports our charitable work;
- If we retain the policy to maturity, or you name us as a beneficiary, once the policy matures, the proceeds of your policy will be paid to our

organization so that we can then use the proceeds to further local impact; and

- Your deduction for the gift of life insurance may vary from face value.

## **Options**

1. Gifts of Percentage Interest in a Policy: Designate our organization to receive only a partial interest (percentage) of a life insurance policy;
2. Gifts of New or Partially Paid Policies: Assign a partially paid policy to us and keep the policy active by sending premium payments to our organization. Or you may purchase a new policy and name our organization as owner and irrevocable beneficiary. All of your payments would be tax deductible if you itemize;
3. Gifts that Save Capital Gain: Gifts of securities can be used to cover the payments on a new or partially paid life insurance policy, with our organization named as a beneficiary. By donating securities, capital gain tax can be eliminated entirely;
4. Insurance Dividends: Designate the dividends of a whole life insurance policy to our organization without reducing the death value of the policy for your beneficiaries. The donor, who remains the owner of the policy, retains the right to borrow against the policy; or
5. Name our organization as the primary beneficiary or co beneficiary of a life insurance policy. You would keep ownership of the policy and access to the policy's cash value. Because you retain ownership, no charitable income tax deduction is allowed at the time of the gift. Although the face value of the policy will be included in your gross estate at your death, your estate will be entitled to an offsetting charitable estate tax deduction.

## **Retirement Assets**

Did you know, if you are 72 and a half or older, you can make charitable gifts directly from your IRA? Naming a charity as a beneficiary of a portion of your IRA or other retirement asset can be a tax wise, simple way to make a legacy gift to The Spirit Horse Ranch.

You can use pre tax basis retirement assets to fund your legacy gift while leaving other non taxable assets to heirs. Naming beneficiaries for your retirement assets is done using a beneficiary form, not a will or trust.

## **Donor Benefits**

- Counts towards minimum distribution requirements from IRAs;
- Allows you to give from pre tax assets;
- Helps avoid limits on charitable deductions;
- Minimizes the effect of charitable giving on your cash flow since the gift is from your assets, not your checkbook; and
- Further the impact and mission of our organization.

## **How to Make a Planned Gift Through Your IRA**

1. Contact your IRA plan administrator and indicate that you wish to make a direct distribution from your IRA to our organization;
2. Request a check made payable to our organization and indicate it is a distribution from your IRA account;
3. Please note that IRA charitable rollover gifts do not qualify for a charitable deduction; and
4. Please contact us if you wish for your gift to be used for a specific purpose.