



## *Planned Giving ~ What and How*

### *What can be used to make a planned gift?*

#### Gifts of Stocks and Bonds:

A gift of your securities, including your stocks or bonds, is an easy way for you to make a gift. By making a gift of your appreciated securities, you can avoid paying capital gains tax that would otherwise be due if you sold these assets.

#### Gifts of Real Estate:

A gift of your real property (such as your home, vacation property, vacant land, farmland or ranch or commercial property) can make a great gift. If you own appreciated real property, you can avoid paying capital gains tax by making a gift to us.

#### Gifts of Retirement Assets:

A gift of your retirement assets, such as a gift from your IRA, 401k, 403b, pension or other tax deferred plan, is an excellent way to make a gift. By making a gift of your retirement assets, you will help further our work. *(See page 4 for additional information).*

#### Gifts of Cash:

A gift of cash is a simple and easy way for you to make a gift. You will receive a charitable tax deduction that will provide you with savings on this year's tax return.

#### Gifts of Insurance:

A gift of your life insurance policy is an excellent way to make a gift to The Arc. If you have a life insurance policy that has outlasted its original purpose, consider making a gift of your insurance policy to The Arc. For example, you may have purchased a policy to provide for minor children and they are now financially independent adults.

#### Gifts of Business Interests:

As a business owner, you have the opportunity not only to build your business and accumulate wealth for yourself and your family, but also to accomplish your philanthropic goals through charitable planning. A gift of your corporate stock or assets can provide you with tax and income benefits and help further our mission.

### *How do I set up a Planned Gift?*

#### Bequests:

One way for you to support The Arc's mission is to leave us a bequest. A bequest is a gift made to charity in your will or trust. One significant benefit of making a gift by bequest is that it allows you to continue to use the assets/property you may leave to charity during your life. Another benefit is that by making a bequest you are able to leave a lasting legacy for the work of The Arc.

Before meeting with your attorney to make a gift to The Arc, you should consider where you want your support to be used. Do you have questions about The Arc and its role nationally, at the state level, as well as, in your local community?

Your gift may be created as an overall percentage of your estate. Once you know how you wish to include The Arc in your estate plans, contact us for the correct names and addresses (which your attorney will need).

Keep in mind that your gift can be for a specific amount, a percentage or some portion of the remainder (after family, relatives and friends have gotten their designated share). Below are examples of language you can use with the correct name and address of The Arc (where you wish your gift directed).

#### Types of Bequests:

There are a number of ways you can make a bequest to The Arc. You can leave what is called a **specific bequest**. A specific bequest involves making a gift of a defined dollar amount, a particular tangible asset such as real estate, a car, other property or even shares of stock. For example, you may wish to leave your home, a portion of its value or \$10,000 to The Arc. Another kind of specific bequest involves leaving a percentage of your overall estate to charity. For example, you may wish to leave 10% of your estate to The Arc.

Another kind of bequest is called a **residual bequest**. A residual bequest is a bequest that is made from the balance of an estate after the will or trust has given away each of the specific bequests. A common residual bequest involves leaving a percentage of the residue of the estate to charity. For example, you may wish to leave 30% of the remaining value of your estate to The Arc (local, state and/or national).

#### Bequest Benefits:

There are no limitations on bequest gifts. Bequests may be made for a general or specific purpose. All bequests to tax-exempt entities approved by the IRS are not subject to estate taxes. Please be sure to consult your tax advisor for advice regarding your own personal situation. If you have a taxable estate, the estate tax charitable deduction may offset or eliminate estate taxes resulting in a larger inheritance for your heirs.

#### Bequest Language:

In order to make a bequest, you should speak with your attorney. Your attorney can help you include a bequest to The Arc in your estate plan. We have provided some basic bequest language below, to assist you and your attorney. If you wish to include The Arc of Fort Bend County, simply add the following address and Federal Tax ID number to the information below:

The Arc of Fort Bend County  
123 Brooks Street  
Sugar Land, TX 77478  
Federal Tax ID #74-6076222

### **I. Outright Bequest**

If you consider making an outright bequest to The Arc, we recommend the following language:

a. Bequest of a Specific Dollar Amount

I hereby give, devise and bequeath (XXDOLLARS) to The Arc of Fort Bend County, a non-profit organization located at 123 Brooks St., Sugar Land, TX, Tax ID 74-6076222, for The Arc's general use and purpose.

b. Bequest of Specific Personal Property

I hereby give, devise and bequeath (DESCRIPTION OF PROPERTY) to The Arc of Fort Bend County, a non-profit organization located at 123 Brooks St., Sugar Land, TX, Tax ID 74-6076222, for The Arc's general use and purpose.

c. Bequest of Specific Real Estate

I hereby give, devise and bequeath all of the right, title and interest in and to the real estate located at (ADDRESS OR DESCRIPTION OF PROPERTY) to The Arc of Fort Bend County, a non-profit organization located at 123 Brooks St., Sugar Land, TX, Tax ID 74-6076222, for The Arc's general use and purpose.

d. Bequest of Percentage of an Estate

I hereby give, devise and bequeath (PERCENTAGE OF YOUR ESTATE) to The Arc of Fort Bend County, a non-profit organization located at 123 Brooks St., Sugar Land, TX, Tax ID 74-6076222, for The Arc's general use and purpose.

## **II. Restricted Bequest**

If you are considering a bequest but would like to ensure that your bequest will be used only for a specific purpose, please let us know. We would be happy to work with you and your attorney to help you identify ways to give that will ensure your charitable objectives can be met. We will also work with you and your attorney to craft language to accomplish your objectives.

If you are making a restricted bequest, we recommend that your attorney include the following provision to give The Arc flexibility should it no longer be possible for The Arc to use your gift as you originally intended:

If, in the judgment of the Board of Directors of The Arc, it shall become impossible for The Arc to use this bequest to accomplish the specific purposes of this bequest, The Arc may use the income and principal of this gift for such purpose or purposes as the Board determines is most closely related to the restricted purpose of my bequest.



## **QUALIFIED CHARITABLE DISTRIBUTION**

Annually, individuals 70.5 and older can transfer up to \$100,000 as a Qualified Charitable Distribution (QCD) from their traditional IRA\* to a qualified charity such as The Arc of Fort Bend County. Following the rules for a QCD, you must transfer directly from your IRA to The Arc of Fort Bend County in order for your gift to qualify as a tax-free- transfer.

**Important!** Please work with your tax advisor to determine if this program can work for you and The Arc of Fort Bend County.

*\*Please note the requirements are different with a Roth IRA*

### ***What is a qualified charitable distribution?***

Generally, a qualified charitable distribution is an otherwise taxable distribution from an IRA (other than an ongoing SEP or SIMPLE IRA). It is owned by an individual who is age 70½ or over and the money is paid directly from the IRA to a qualified charity.

### ***Can a qualified charitable distribution satisfy my required minimum distribution from an IRA?***

Yes, your qualified charitable distributions can satisfy all or part of the amount of your required minimum distribution from your IRA. For example, if your 2017 required minimum distribution was \$10,000, and you made a \$5,000 qualified charitable distribution for 2017, you would have had to withdraw another \$5,000 to satisfy your 2017 required minimum distribution.

### ***How are qualified charitable distributions reported on Form 1099-R?***

Charitable distributions are reported on Form 1099-R for the calendar year the distribution is made.

### ***How do I report a qualified charitable distribution on my income tax return?***

To report a qualified charitable distribution on your Form 1040 tax return, you generally report the full amount of the charitable distribution on the line for IRA distributions. On the line for the taxable amount, enter zero if the full amount was a qualified charitable distribution. Enter "QCD" next to this line. See the Form 1040 instructions for additional information.

***A Kiplinger article elaborates:***

People older than 70½ can transfer up to \$100,000 per year from their traditional IRAs to charity, which can count as their required minimum distribution but is not taxable if they follow the rules for a qualified charitable distribution (QCD). (This doesn't apply to a Roth IRA, which has tax-free withdrawals and no required distributions.) The gift stays out of your adjusted gross income only if you make a direct transfer from your IRA to the charity. It doesn't count as a tax-free transfer if you withdraw the money first and then make a donation to the charity.