

## Planned Giving Opportunities

Today charities seek new and creative development opportunities. Planned giving offers donors a variety of options in making charitable gifts at death, including:

**Pecuniary Bequest.** A donor may make a gift of a monetary sum to charity under the donor's will or revocable trust instrument by including language such as:

I give (or if a revocable trust, the Trustee shall distribute) the sum of \$ \_\_\_\_\_ to \_\_\_\_\_ (charity), or its successor, provided that \_\_\_\_\_ charity or its successor, is then in existence and is then a qualified charitable organization as defined in Sections 170(c), 2055(a) and 2522(a) of the Internal Revenue Code of 1986, as amended. If \_\_\_\_\_ (charity), or its successor, is not then in existence or is not then a qualified charitable organization, this gift shall lapse.



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The gift becomes effective at the donor's death, or if desired and so drafted, at the death of the survivor of the donor and the donor's spouse.

**Specific Gift.** Alternatively, a donor may wish to make a gift of a specific item of property, such as real estate, stock, or other specifically identified property. Like a pecuniary bequest, a specific gift may become effective at the donor's death or upon the second to die of the donor and the donor's spouse.

**Contingent Bequest.** A donor may wish to name a charity to receive the donor's entire estate if all the donor's immediate family members and remote descendants predecease the donor. In this circumstance, the charity will not receive property unless the all other named beneficiaries predecease the donor. The charity is called the "taker of last resort." This option often is attractive to donors who do not have children or who do not have close relationships with remote relatives.

**Retirement Assets.** Retirement assets include individual retirement accounts (IRAs), 401(k) plan accounts, 403(b) accounts and other similar accounts. Retirement assets do not pass according to a donor's will or revocable trust but rather by beneficiary designation. Naming a charity as beneficiary of retirement assets (other than a Roth IRA or Roth 401(k) account) provides a significant income tax advantage. While an individual beneficiary of a retirement asset, such as a spouse or child, pays income tax on withdrawals made from the retirement account, a charity is exempt from income tax and receives the entire value of the retirement account income tax free. A donor who wishes to make a testamentary gift to charity is well advised to consider making a gift by beneficiary designation of a retirement asset. Often charities do not publicly recognize a donor during the donor's lifetime for naming the charity in the donor's will or revocable trust because the gift is subject to change any time prior to the donor's death. By implementing strategies to ask for and to acknowledge such gifts, a charity can cultivate a deeper relationship with the donor and broaden awareness in other potential donors of planned giving opportunities.



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