Helping all youth to reach their full potential at
Boys & Girls Clubs of Fullerton

Agenda

- Welcome & Thank You
- The Impact We Make
- Types & Benefits of Planned Giving
- Leaving Your Legacy

Who we are

It All Starts With Our Mission

To enable all young people, especially those who need us most, to reach their full potential as productive, caring, responsible citizens.

Boys & Girls Clubs of Fullerton

- We have 5 sites in Fullerton including a stand alone Teen Center
- We have over 800 registered members across all 5 sites
- We serve over 300 youth daily, based on average daily attendance
- 1,200 Total youth served through outreach and special events in 2023

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Young People Who Need Us Most

Many youth take advantage of Club programs and activities.

Youth benefit from trained, caring professional staff and volunteers.

Staff help youth take control of their lives and reach their goals.

Only with your commitment can we help youth achieve key outcomes.

Planned Giving

How to Get Started

•Identify Your Goals: Determine which causes and organizations align with your values and interests.

•Consult with Professionals: Seek advice from financial advisors, estate planners, and attorneys to explore your options and create a plan.

•Communicate with Charities: Discuss your intentions with the charities you wish to support to ensure your gift will be used as intended.

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Different Types of Planned Gifts...

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•Bequests: Gifts made through a will or living trust.
•Charitable Remainder Trusts (CRT): Donors transfer assets into a trust, which provides them or their beneficiaries with income for life or a set term, with the remainder going to charity.
•Charitable Gift Annuity (CGA): Allows donors to make a charitable donation to a nonprofit organization while receiving fixed payments for life. Life Insurance: Naming a charity as a beneficiary of a life insurance policy.
•Donor Advised Fund (DAF): A philanthropic giving vehicle administered by a public charity or a financial services organization.
•Qualified Charitable Distributions (QCD): A tax-efficient way for individuals who are 70½ years old or older to donate money directly from their Individual Retirement Accounts (IRAs) to qualified charitable organizations.

The Heritage Club

Join our Heritage Club. We all plant trees in whose shade we will never sit. The kids and families of Fullerton today enjoy the planning and thoughtful work of generations before us.

Bequests

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Types of Bequests:

1. **Specific Bequest:** A specific dollar amount or particular asset (e.g., "I give $10,000 to Charity X").
2. **Percentage Bequest:** A specified percentage of the donor's estate (e.g., "I give 10% of my estate to Charity Y").
3. **Residual Bequest:** What remains of the estate after specific gifts have been distributed and debts settled (e.g., "I give the rest, residue, and remainder of my estate to Charity Z").

Bequests provide flexibility because they can be modified or revoked during the donor's lifetime. This allows individuals to adjust their estate plans as their circumstances or philanthropic priorities change.

Tax Benefits: Bequests to qualified charitable organizations are typically deductible for estate tax purposes. This means that the value of the charitable gift reduces the taxable amount of the estate, potentially resulting in lower estate taxes for the donor's heirs.

Charitable Remainder Trust (CRT)

- The donor (also called the grantor) establishes a CRT by transferring assets such as cash, securities, real estate, or other appreciated assets into the trust.
- The trust is irrevocable, meaning that once it's set up, the terms cannot be changed.
- The donor, or other person designated by donor, becomes the income beneficiary of the trust.
- The income beneficiary receives payments from the trust for a specified period, which can be for life or for a term of years.

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CRT continues...

Charitable Remainder Beneficiary:

1. After the specified period ends or upon the death of the income beneficiary, the remaining assets in the trust, known as the remainder interest, are distributed to one or more qualified charitable organizations chosen by the donor.
2. The remainder beneficiary is typically a charitable organization or organizations that the donor wishes to support.

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Types of Charitable Remainder Trusts

•**Charitable Remainder Unitrust (CRUT):** Pays a fixed percentage of the trust's value, recalculated annually, to the income beneficiary.

•**Charitable Remainder Annuity Trust (CRAT):** Pays a fixed dollar amount to the income beneficiary each year, regardless of the trust's investment performance.

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Charitable Remainder Unitrust (CRUT)

- In a CRUT, you gift cash or other assets to the trust and receive income for your life or lives, or for a term of years, up to 20 years.
- You are also allowed to have it for your lives PLUS a term of years up to 20 years for your beneficiaries.
- The payout is a fixed percentage of the balance of the invested funds based on December 31 year end balance.
- This amount is generally paid in quarterly instalments over the next year.
- Amount received each year varies based on the balance of the funds on the prior year end.

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Charitable Remainder Annuity Trust (CRAT)

- This trust pays a specific dollar amount each year for either life, the term established or until the trust runs out of money

- With either type of trust, when you die or the term expires, the remainder of the funds go to the charities you specify.
- CRUT or CRAT have their own tax ID and need to have tax returns files annually for as long as the trust continues

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CRT Tax Benefits

1. Income Tax Deduction: Donors may be eligible for an income tax deduction in the year they fund the CRT, based on the present value of the charitable remainder interest.
2. Capital Gains Tax Avoidance: If the CRT sells appreciated assets, such as stocks or real estate, capital gains tax on the sale may be deferred or avoided altogether.
3. Estate Tax Savings: The assets placed in the CRT are removed from the donor's estate, potentially reducing estate taxes.

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Sustainability is our Future

Charitable Gift Annuity (CGA)

- The donor makes a contribution of cash, securities, or other assets to a charitable organization, typically a nonprofit institution such as a university, hospital, or a Boys & Girls Club organization.
- In exchange for this gift, the charity agrees to pay the donor a fixed income for life, based on the donor's age and the amount of the gift.

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Charitable Gift Annuity (CGA) cont…

Determining the Annuity Rate:

1. The annuity rate, which determines the size of the payments the donor will receive, is based on several factors including the donor's age, the prevailing interest rates, and the charity's policies.
2. Generally, older donors receive higher annuity rates because their life expectancy is shorter.

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Charitable Gift Annuity (CGA) cont...

Tax Benefits:

1. Income Tax Deduction: Donors may be eligible for an income tax deduction in the year they make the gift, based on the present value of the remainder interest that will eventually go to the charity.
2. Partial Tax-Free Income: A portion of the annuity payments may be considered a tax-free return of principal, reducing the donor's taxable income.

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Charitable Gift Annuity (CGA) cont...

Lifetime Income Stream

1. The donor receives fixed payments from the charity for the rest of their life, regardless of fluctuations in the financial markets.
2. These payments provide donors with financial security and stability during retirement, supplementing other sources of income such as Social Security or pension benefits.

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Leaving Your Legacy

Donor Advised Fund (DAF):

- Donors establish a DAF by making an irrevocable contribution of cash, securities, or other assets to a sponsoring organization, which could be a community foundation, a charitable arm of a financial institution, or a national charitable organization.
- The donor receives an immediate tax deduction for the full value of the contribution in the year it is made, even though the funds can be distributed to charities over time.

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Donor Advised Fund (DAF) cont..

Advisory Role:

1. Once the DAF is established, the donor retains advisory privileges to recommend grants to qualified charitable organizations.
2. Donors can recommend grants to support specific causes, charities, or projects that align with their philanthropic interests and values.

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Donor Advised Fund (DAF) cont..

Investment Growth:

1. Contributions to the DAF are invested and have the potential to grow over time, tax-free.
2. Donors can choose from a variety of investment options offered by the sponsoring organization, allowing them to maximize the impact of their charitable giving.

Flexibility:

1. DAFs offer flexibility in timing charitable contributions. Donors can contribute to the DAF in one tax year and recommend grants to charities in future years.
2. This flexibility allows donors to take advantage of strategic giving opportunities and to plan their charitable giving in a way that aligns with their financial circumstances.

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Donor Advised Fund (DAF) cont..

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1.Anonymity:

1. Donors can choose to remain anonymous when making grants from their DAF. The sponsoring organization disburses the funds to the designated charities without disclosing the donor's identity.

2.Family Involvement:

1. DAFs can involve multiple generations of a family in philanthropy. Donors can name successors or involve family members in the advisory role, fostering a culture of giving within the family.

3.Minimum Contribution and Administrative Fees:

1. Each sponsoring organization sets its own minimum contribution requirements for establishing a DAF.
2. Sponsoring organizations may charge administrative fees, typically a percentage of the assets under management, to cover the costs of managing the DAF.

We have been around for 72 years and will be around for 100 more serving kids and families with your help.

Qualified Charitable Distributions (QCD):

Age Requirement:

1. To be eligible to make QCDs, individuals must be at least 70½ years old. This age requirement is based on the IRS rules for Required Minimum Distributions (RMDs) from traditional IRAs.

Direct Transfer to Charity:

1. Instead of taking a distribution from their IRA and then donating it to charity, individuals can instruct their IRA custodian to make a direct transfer (up to a certain limit) from their IRA to a qualified charitable organization.
2. The distribution must be made directly to the charity; if the distribution is made payable to the individual and then later donated to charity, it does not qualify as a QCD.

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Qualified Distributions (QCD): cont...

Tax Benefits:

1. QCDs can satisfy part or all of the individual's Required Minimum Distribution (RMD) for the year, reducing their taxable income accordingly.
2. Because QCDs are not included in the individual's adjusted gross income (AGI), they do not result in a tax deduction. However, this exclusion from income effectively provides a tax benefit similar to a deduction.

Limits and Requirements:

1. The maximum annual amount that can be distributed as a QCD is $100,000 per individual, regardless of how many IRAs they own. Spouses who are both eligible can each make a QCD of up to $100,000 per year.
2. QCDs can only be made from traditional IRAs or Roth IRAs that are part of an employer-sponsored retirement plan, such as a 401(k), are not eligible for QCDs.

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Qualified Distributions (QCD): cont…

Qualified Charitable Organizations:

QCDs can only be made to qualified charitable organizations, such as public charities, churches, educational institutions, and certain private foundations. Donors cannot make QCDs to donor-advised funds or supporting organizations.

Reporting Requirements:

Individuals who make QCDs must report the total distribution on their tax return for the year, even though the distribution itself is not taxable. They should receive a Form 1099-R from their IRA custodian indicating the QCD amount.

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Thank You

On behalf of the young people in Fullerton, thank you for your time. With the support of people like you in this room, we will be able to prepare the next generation with the core skills they need to thrive.