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# Considering a Charitable Gift

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Charitable giving provides help to those less fortunate than ourselves.

## Reasons for Making a Charitable Gift

Many persons make gifts or bequests to charitable organizations for a number of reasons. Some of the more common motivations would include the following:

- Compassion for those in need.
- Religious and spiritual commitment.
- Perpetuation of one's beliefs, values and ideals.
- Support for the arts, sciences and education.
- A desire to share one's good fortune with others.

Whatever the reasons, U.S. tax law encourages these gifts.

## Different Types of Charitable Gifts

Some donors prefer to make outright gifts of cash or other valuable assets to their favorite charities. Other individuals, although they would like to make an outright gift, depend on the income from their assets for their daily needs. Often, such donors decide to wait until they die to transfer assets to a charity, through a will or trust.

However, there are methods which allow a donor to make a gift now, while still retaining an income for life. The most popular of these methods include:

- **Charitable Remainder Annuity Trust**
- **Charitable Remainder Unitrust**
- **Pooled Income Fund**
- **Charitable Gift Annuity**

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Another gifting technique assigns an income interest to the charity for a period of years (or the lifetime of a person), after which the remainder passes to the donor's heirs. Gifts made in this manner involve what are known as charitable "lead" trusts.

- **Charitable Lead Annuity Trust**
- **Charitable Lead Unitrust**

### Potential Financial Benefits of Charitable Gifts

- **Income taxes:** May provide an income tax deduction.<sup>1</sup> In many cases, can avoid or delay payment of capital gains tax.
- **Cash flow:** May increase personal after-tax cash flow.
- **Estate planning:** May increase the amount passing to one's heirs.

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<sup>1</sup> Federal Income Tax Law. State or local income tax law may differ.

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# Disclosure Notice

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