In Tough Times, Planned Giving Makes Sense

In today's economic climate, many want to continue supporting charitable commitments, but need choices that make real sense for their bottom line. Planned giving offers a compelling option for today's investor. "With planned giving, you are giving, but you are also getting, and in most situations, you are getting back a lot more than you are actually giving," says Randy Mueller, Estate Planning Officer for Eisenhower Medical Center.

According to Mueller, planned giving helps people use their assets to their best possible ability for themselves, their charities and future generations. "For decades, planned giving has been more substantial when the economy has been down.We have incredible supporters at Eisenhower, but regardless of their wealth, when the economy is bumpy they are concerned. It is a lot easier to give a gift in the future that doesn't affect your lifestyle or your out of pocket cash now, and that is what a planned gift does."

Charitable Gift Annuity

One of the most popular planned gift instruments that Mueller uses is the **Charitable Gift Annuity**. "The advantage of the charitable gift annuity is you make a charitable gift so you receive a deduction up front. You also get a guaranteed income the rest of your life, and the income you receive is based on your age at the time you started the annuity. So the older you are, the higher the interest rate. For instance, if you are 90 years old you will receive a 9.5 percent interest rate. In addition, of the 9.5 percent interest, 70 percent or more is tax-free income. So, a gift annuity gives you a guaranteed income, a tax deduction, taxfree income, and a high interest rate.With people over 70, you're not going to find an interest rate to pay what a charitable gift annuity pays, which makes it a very popular choice."

Mueller also uses various trusts for his clients including: **Charitable Remainder Trusts, Charitable Annuity Trusts and Charitable Lead Trusts**.

Charitable Remainder Trust

"With the **Charitable Remainder Trust** option, you pick a percentage to pay. Currently, it is around 6.0 percent, and it pays that or what it earns, whichever is less. You do get a charitable deduction, and you get 100 percent capital gains relief," says Mueller.

Charitable Annuity Trust

A **Charitable Annuity Trust** offers a fixed income. If you set it at six percent you will receive 6.0 percent of the original principal the rest of your life. A charitable annuity trust also offers capital gains relief. "The only disadvantage to a charitable annuity trust is if you set it to pay 6 percent and it only earns 5.0 percent, then you are using the principle to pay you out. That means if you live long enough there is a chance that the trust could be exhausted," explains Mueller.

"It is said that by the simple act of giving, we receive more than we ever thought imaginable: whether it is the gratitude for a life that has been changed, a smile that lights up a child's eyes, or the realization of a vision inspired by philanthropy."

Charitable Lead Trust

A **Charitable Lead Trust** allows an investor to retain property in the family. "What happens is you give it to the charity for a period of time, say five to 10 years. The charity gets the income during that time, and at the end of the period, whatever gains there have been are forgiven and it goes to the family bypassing the capital gains," says Mueller.

Life Estate

Another planned giving option is something called a "**Life Estate**," when a home or business is donated. "The donor would receive a charitable deduction right up front," says Mueller. "They still live in their home, pay all the bills and taxes; however, when they pass, the property belongs to Eisenhower and is out of their estate, and there is no estate tax. The same can be done with a business."

Investors can also make Eisenhower Medical Center the beneficiary of an IRA. "For the past several years, the government has passed an exclusion where you can give up to $100,000 from your IRA to a charity without paying taxes on it. A lot of people have very large IRAs and this is a way of spending them down without any penalties," says Mueller.

Living Trust

A **Living Trust** is another important option for Mueller's clients. "It is a private document," explains Mueller. "A will is not private. A Living Trust saves taxes and cuts down on probate costs, which means more money goes to the family or the charity that you have allocated."

Mueller also recommends talking with an attorney or financial planner before making any decision on finances. "I'm more than happy to meet with anyone considering the many planned giving options here at Eisenhower Medical Center," shares Mueller, "but I always want them to take what I have recommended, and run it by their advisors to make sure it makes sense for them."

For more information on planned giving options, rate quotes and more details, contact Randy Mueller directly at rmueller@emc.org or at 760-773-2967, or visit the Eisenhower Planned Giving Web site at emcgift.org.

Healthy Living is a publication of Eisenhower Medical Center · © Copyright 2014 All Rights Reserved · www.emc.org