

## NSC Fund For Play

### Planned giving to the Fund For Play

#### **What is planned giving?**

Planned giving is a way for a donor to use one or more financial instruments, such as a will, beneficiary designation, or a trust, in order to leave money or assets during life or upon death. A second way is to invest money so that the donor receives income during his or her life, and then upon death or the end of a term of years, passes the remaining funds to the NSCF Legacy Fund.

Not all giving techniques listed here will be right for you, but if you have charitable interests, with proper planning you can make a lasting impact on your community through your donations. Charitable donations can be for the NSCF Legacy Fund's general purpose, or they can be directed to a specific fund or to a specific use by the Fund.

#### **How can I donate?**

**Current giving (outright gifts).** This type of gift is made directly to the NSCF Legacy Fund either during your lifetime or at your death. The most common example of an outright gift is cash or marketable securities. By giving these assets directly to the NSCF Legacy Fund you will receive an income tax deduction if made during your lifetime, or an estate tax charitable deduction if the gift is made upon your death. Gifts made at your death can be made as a bequest in your will or revocable trust, or through a beneficiary designation.

**Deferred giving or planned gifts.** A planned gift is a gift that is made during the donor's life, but the NSCF Legacy Fund receives the gift at a later date. Examples of deferred giving or planned gifts are:

*A Charitable Remainder Trust (CRT)* is a trust created by the donor in which the donor (and possibly the donor's spouse) donates assets to a trust and retains the right to receive an income stream from the trust for the donor's (and spouse's) lifetime or a specified term of years. The assets can be cash, stock/bonds, real estate or any other asset that creates income which can be distributed back to the donor. When the donor dies, or at the end of the term of years, the trust terminates, and the remaining trust assets are distributed to the NSCF Legacy Fund. The donor can either retain a fixed dollar amount each year (annuity amount) or an amount equal to a percentage of the trust value at the beginning of each year (unitrust amount.)

*A Charitable Gift Annuity* is an agreement between a donor and the NSCF Legacy Fund where the donor makes a gift of cash or property to the Legacy Fund, and then agrees to make fixed payments to one or two individuals for their lives. Donors can benefit using this giving technique by converting low or non-income producing asset into a higher income stream. In exchange for this donor's gift (cash, stocks, property, etc.) the charity promises to pay the donor an annuity (a fixed sum) for life. The payments can begin immediately or be deferred to a later date. The annuity is determined at the date of the gift and most charities use the rates recommended by the American Council on Gift Annuities. The donor receives a deduction in the year of the transfer of property to the charity equal to the difference



between the market value of the gift and the present value of the annuity (as determined on the basis of tables published by the U.S. Treasury.)

*A Beneficiary Designation* on an asset is like an insurance policy, IRA, checking or savings account, or an investment account will give the NCSF Legacy Fund a gift, but only upon the death of the donor.

*A Charitable Lead Trust (CLT)* is the reverse of a charitable remainder trust, as the income and remainder benefits are switched. With a CLT the NSCF Legacy Fund receives an income interest for a term of years, and at the termination of the period the remaining assets either revert to the donor or are distributed to a third party, typically the donor's children or grandchildren. The advantage of a CLT is that it allows a donor to make an income gift to an organization and then transfer an asset to the donor's family at a lower gift tax liability.

*A Bargain Sale* is a part sale and a part charitable gift of an asset to the NSCF Legacy Fund. The Legacy Fund purchases property from the donor for less than the asset's fair market value or accepts a gift of mortgaged property. The technique is used when a donor wants to sell his or her property and at the same time make a gift to the NSCF Legacy Fund. The donor receives a current income tax deduction for that part of the property value that is given to the Legacy Fund which is the difference between the sale price and the appraised value of the property. Once the asset is purchased by the NSCF Legacy Fund, the Fund can then resell the property to a third party and realize the charitable gift portion of the bargain sale in the amount of the sale excess proceeds received over the amount it paid for the asset.

The information presented here is a general overview of charitable giving options. The actual deduction to a donor depends on many factors, including the donor's adjusted gross income, the type of charity donated to, and the type of property/asset given. All donors should consult with their attorney, financial planner, or tax accountant prior to making substantial gifts, as the tax rules for charitable giving can be very complex.

**For more information and to get started with Planned Giving**, please contact the NSC Fund For Play accounting office at [accounting@nscsports.org](mailto:accounting@nscsports.org)