

# PLANNED GIVING

With an effective Planned Gift plan you can increase your current income or provide retirement income, while earning a current tax deduction and providing for a future gift to the Memorial and Library Association of Westerly.

Through planned giving you are able to balance your personal financial goals and your charitable interests while realizing significant tax benefits. Various types of planned gifts are possible, ranging from a simple bequest in your will or revocable trust to charitable trusts, gifts from retirement plans, insurance policies and donor-advised funds.

## **Bequests**

You can make a gift to the Westerly Library and Wilcox Park through a provision in your will or a codicil to your will, or in a revocable (“living”) trust. You can designate a specific amount of money, a percentage of your estate or the balance of your estate after your other designated gifts are paid.

A bequest in your will or revocable trust enables you to make a gift to the Memorial and Library Association of Westerly at your passing, while retaining full control of your assets throughout your life. It can also potentially reduce estate taxes.

## **Life Insurance**

You can designate the Memorial and Library Association of Westerly as the beneficiary of all or part of the proceeds of your life insurance policy. As in the case of a bequest in a will or revocable trust, a beneficiary designation allows you to continue to retain control of the policy during your lifetime while reducing exposure to estate taxes.

Alternatively, if your policy is paid-up, it can be a charitable asset which you can donate to the Association. Simply name the Association as the owner and beneficiary of the policy and deliver it to us at the Westerly Library. Under current law, you will be eligible to receive a tax deduction in the amount of the then-current cash surrender value of the policy.

## **Retirement Plans**

You can name the Memorial and Library Association as the beneficiary of all or part of your pension plan, IRA or Keogh Plan, 401(k) Plan or 403(b) Plan. Any assets which pass to the Association will not be subject to the income and estate taxes otherwise possible on such plans at your death.

## **Charitable Remainder Trusts**

If you need current income or future income for your retirement years, a charitable remainder trust can provide income to you for your life or for a term of years. You may also qualify for a current income tax deduction equal to the present value of the charitable organization's remainder interest and avoid any capital gains on the property used to fund the trust.

To set up a charitable remainder trust, the donor transfers assets, such as cash, securities or real estate, to a trust created by the donor and held by a third party trustee. The trust pays the donor, or his/her spouse or other non-

charitable beneficiary, an income for life or for a term of years. The annual payout from the trust must be at least 5%.

Upon the death of the last income beneficiary or the expiration of the term of years, the trust ends and the principal would pass to the Memorial and Library Association of Westerly. The donor can often avoid capital gains tax, increase income, and save possible estate taxes.

There are two basic types of charitable remainder trusts:

*Unitrust* - The annual income received is variable, based upon a fixed percentage of the fair market value of the assets of the trust, as re-valued each year. There are other income variations available with this type of trust, and additional contributions can be made to the trust.

*Annuity Trust* - The annual income is a fixed percentage of the trust's initial value and provides income of a fixed dollar amount. Additional contributions to the trust cannot be made.

The trustee may require a minimum dollar amount of assets to establish the trust.

### **Donor- Advised Funds**

Donor-advised funds (DAFs) have become increasingly popular vehicles through which individuals can make charitable contributions. Here is how they work: An individual makes a tax-deductible donation to a tax-exempt fund managed by a financial organization (for example, Fidelity Investments, Raymond James and Edward Jones) and establishes his/her own "fund" (the DAF) within the larger fund. The donor determines how he/she wants the funds in the DAF to be invested before being paid out as grants to a charitable organization(s), which organization(s) the funds in the DAF will support and when the grants from the DAF are to be made. The donor may change these decisions as allowed by the institution managing the donor's DAF.

As the creator of your DAF, you can designate the Memorial and Library Association to receive periodic grants from your fund in an amount you specify; you can also designate the Association to receive all or a portion of the funds remaining in your DAF upon your death.

Depending on your situation, other options for planned giving may be available to you. The Memorial and Library Association will be happy to assist you and your financial and legal advisers in selecting and implementing your planned giving vehicle.

Contact Victoria Bernardo, Director of Development, at the Westerly Library, 44 Broad Street, Westerly RI 02891, telephone (401) 596-2877 extension 302, or [vbernardo@westerlylibrary.org](mailto:vbernardo@westerlylibrary.org)

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