Estate Gifts
Information Packet

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This publication is intended to provide general gift planning information. Neither the Friends of the Betsie Valley Trail nor any representative of the Friends of the Betsie Valley Trail is qualified to provide specific legal, tax or investment advice, and neither this publication nor any representative of the Friends of the Betsie Valley Trail should be looked to or relied upon as a source for such advice. Consult with your own legal and financial advisors before making any gift.

Estate Gifts Through the Friends of the Betsie Valley Trail

The Art of Giving...Creating a Lasting Legacy

Planned giving permits you to leave an indelible mark on the Benzie area. You can accomplish this in various ways through wills, trusts, and other estate planning options. You can make a general contribution to the Trail's endowment fund or a non-endowment gift that is designated for a special purpose. Either way, we invite you to join other donors who have already arranged planned gifts to the William R. Olsen Endowment Fund for the Betsie Valley Trail, managed by the Grand Traverse Regional Community Foundation, to establish ***your*** legacy. The Friends of the Betsie Valley Trail is a 501 (c)(3) tax-exempt organization with a Federal Identification Number of 38-3092450.

Goals & Benefits

Several strategies reduce the amount of tax through charitable contributions.

- Income tax savings are taken on your income tax return, provided you itemize;
- Gifts to a qualified charitable organization, during life and/or at death, avoid the federal estate tax;
- Assets that have grown in value can be used to bypass or reduce capital gains tax:
- You (your estate) can receive an estate tax deduction for making a bequest of qualified retirement plan accounts and traditional IRAs that would otherwise be taxed as income to your heirs as they receive it and negate the adverse income tax consequences to the individual beneficiaries.

Ways to Give

Estate Gifts at FBVT generally involve one of two gifting methods—current outright gifts and expectancies. The estate gift table included in this packet gives a concise outline of the various gifting opportunities at FBVT. A common misconception in planned giving is that all estate gifts are "deferred gifts." Some estate gifts are structured to provide immediate benefits to the nonprofit organization, others provide deferred benefits to the organization, and still others may involve a combination of methods, whereby a current outright gift is combined with a deferred gift or an expectancy to achieve the donor's philanthropic and financial objectives.

With either outright giving or deferred giving, it is important to keep in mind the needs of your beneficiaries, the protection of your money, and the impact of estate taxes. This is why FBVT strongly urges that anyone contemplating a gift to the Trail should consult with their personal attorney/estate planning attorney and other financial professionals before, during, and after the gifting process.

Current Outright Gifts

Gifts of assets such as stock, real estate, and tangible personal property, although given for the current use and enjoyment of a nonprofit organization, qualify as estate gifts by virtue of their dollar value and the fact that they are combined with other assets. These gifts are generally made jointly by spouses and require significant contemplation and planning, unlike annual fund gifts, which are often made spontaneously in response to a mail appeal and satisfied by writing a check from income. Please note that FBVT policy requires Board approval before accepting any charitable gift to the Trail.

Securities

Appreciated stock—publicly traded or closely held—represents the most common type of noncash gift. Nonprofit organizations prefer gifts of publicly traded stock because it is highly liquid —it can be sold instantaneously by a phone call from the owner to the broker—and it has a readily ascertainable fair market value, published daily in newspapers like the *Wall Street Journal*. It is easiest for gifts of stock to be made to the Wm. R. Olsen Endowment for the Friends of the Betsie Valley Trail held by the Grand Traverse Regional Community Foundation: www.gtrcf.org/give/our-funds.html/238/

Real Estate

Real estate is the second most common type of non-cash gift. When deciding on which assets to give currently to an organization, donors often choose to give the most highly appreciated assets, thereby entitling the donor to a charitable income tax deduction equal to the current fair market value of the property. This is a more attractive option for the donor then to sell the property and become liable for capital gains taxes on it. Furthermore, if the donor gives appreciated assets to the organization and the organization sells those assets, capital gains tax is avoided thanks to the organization’s tax-exempt status. So this arrangement is advantageous from both the donor’s and the nonprofit’s point of view. Please note that FBVT policy requires Board approval before accepting any charitable gift to the Trail.

Personal Property

Gifts of such assets as airplanes, automobiles, antiques, boats, furniture, equipment, jewelry, gems, and metals may be accepted if the property is used in connection with FBVT’s tax-exempt purpose or if it can be readily sold promptly after conveyance.

Expectancies

Expectancies involve a promise by a donor to make a gift to the nonprofit organization at some future date; however, that promise may be revoked at any time prior to the donor’s death. Since the gift is not a completed gift during the donor’s lifetime, the donor does not enjoy the benefit of a charitable income tax deduction when the expectancy provision is created. The most common types of expectancies are bequests, retirement plan and IRA designations, and life insurance designations. Please note that FBVT policy requires Board approval before accepting any charitable gift to the Trail.

Bequests

Bequests are the most popular planned giving method used by donors. They are easy to understand and do not require the donor to part with assets during life. This provides the donor peace of mind knowing that assets are available to satisfy unforeseen expenses such as medical or nursing home costs. A bequest may always be revoked if necessary. A bequest to FBVT is a written statement in your will directing that specific assets, or a percentage of the estate, will be transferred to the FBVT directly or to the William R. Olsen Endowment Fund of the Betsie Valley Trail when the bequest is realized.

In consultation with your attorney and financial advisor, a bequest to the Trail may be made when a will is first created or later through a codicil to an existing will. Sample language to help you define and execute your charitable intentions for making gifts is provided below:

1. Endowment Bequest: "I give to the William R. Olsen Endowment Fund of the Betsie Valley Trail the sum of ____________ dollars and/or _________shares of ___________________ Corporation, and/or real property __________ through the Grand Traverse Regional Community Foundation."

2. Non-endowment Bequest: "I give to the Friends of the Betsie Valley Trail (FBVT) the sum of ___________dollars and/or ___________shares of ___________________Corporation and/or the following real property __________________________________ to be used for general support purposes as determined by the FBVT Board".

If you have a specific recommendation for how you want a bequest to be used, your request should be made in a separate written document to the Friends of the Betsie Valley Trail when the bequest is given.

Retirement Plans and IRAs

A second type of expectancy involves naming an organization as the beneficiary of a retirement plan or IRA. Like the bequest, it is easy to understand and easy to implement. This gifting opportunity merely involves obtaining a beneficiary designation form from the retirement plan administrator and naming a charity as the entire, or partial, beneficiary of the retirement plan assets upon the owner's death. A donor may achieve significant income and estate tax savings by naming a charity as the beneficiary of the retirement plan assets rather than a non-charity— sometimes the tax savings is as much as 75 cents on the dollar.

Life Insurance

A third type of expectancy, life insurance, affords donors the opportunity to make a gift at a sizeable face value for a minimal outlay of cash. Donors may give an existing policy, either fully paid or partially paid, or a new policy. Similar to a retirement plan designation, the proposed gift to charity is accomplished by naming the charity as a beneficiary of the policy on the beneficiary designation form. Upon the donor's death, the charity will receive all, or a portion of, the proceeds from the policy. The donor is entitled to a charitable income tax deduction equal to the cash surrender value of the property and any future premiums paid only if the charity is named as the owner and beneficiary of the policy.

Contact Us

Thank you for your interest in the Betsie Valley Trail. We hope the information provided in this document will help you in making a meaningful charitable gift. If we can assist in any way, please contact us: Friends of the Betsie Valley Trail info@betsievalleytrail.org

	Cash	Securities	Real Estate	Personal Property	Bequest	Retirement Plan Assets, IRA	Life Insurance
How does it work?	Give cash	Give appreciated securities	Give appreciated Real Estate	Give artwork, collectibles, equipment or other types of tangible property	Simplest form of gift planning (plan now, give later)	Name FBVT as the beneficiary of the plan	Give old or new policy with FBVT or its Endowment Fund as beneficiary and owner
What do you want to do?	Maximize the deduction; minimize the gift details	Avoid tax on capital gains; afford a larger gift to FBVT or its Endowment	Make a substantial gift, avoid capital gains tax, receive a large income tax deduction	Put assets you no longer need or can maintain to good use	Make a gift that costs nothing during your lifetime	Avoid double taxation at death; give tax-advantaged assets to heirs	Make a large gift at little cost
How do you make the gift?	Write a check or give on-line now	Contribute long-term appreciated stock or other marketable securities	Donate the property to us	Donate tangible personal property related to our tax-exempt function	Name us in your will or living trust by designating a specific amount or a share of the residue	Name FBVT or its Endowment Fund as whole or partial successor beneficiary on you plan's form	Donate a paid-up policy you no longer need or take out a new policy
Donor Benefits							
Reduce estate tax	Removes taxable assets from the estate	Removes taxable assets from the estate	Removes taxable assets from the estate	Removes taxable assets from the estate	Donation exempt from federal estate tax	Donation exempt from federal estate and income tax	Donation exempt from federal estate tax
Reduce income tax	Immediate deduction for full value	Immediate deduction for full value	Immediate deduction for full value	Immediate deduction for full value if FBVT or its Endowment can use the asset		Your heirs will avoid income tax	Current income tax deduction for paid-up policy. Future deductions for premium payments on new policy
Reduce/eliminate capital gains		Complete avoidance	Complete avoidance	Complete avoidance	Complete avoidance		
Give an asset but keep enjoying it					Control of assets during lifetime	Continue to take withdrawals from plan during your lifetime	
More		Still like the stock? Use your cash to buy at today's price and lock in a higher cost basis	Please coordinate with FBVT before making donation	Can be used to make a significant gift without cash outlay	Make a substantial gift when you no longer need the assets	Often overlooked and easily given	Simple to set up; small financial commitment for large ultimate gift
How does it benefit FBVT ?	Delivers immediate benefits	Delivers immediate benefits	Delivers immediate benefits	Delivers immediate benefits	Ensures our future strength	Ensures our future strength	Ensures our future strength

When, how and why to plan a gift. *The perfect estate gift cheat sheet!*