



## EARTH Circle of Sustainers Program - Choosing a Planned Gift

As you consider your long term financial and estate plans, we hope that you will consider EARTH University. Not only will your gift be put to good use, benefiting generations of dedicated and deserving young leaders and this planet, we can also save you significant tax dollars through the charitable deduction and the avoidance of capital gains. In some cases, we can even increase your current income—by reinvesting your assets through a charitable remainder unitrust or annuity trust.

### Charitable Gift Annuity

A Charitable Gift Annuity (CGA) offers the simplicity and security of a steady income stream accompanied by a gift that EARTH can use immediately. There is no complicated trust agreement and the donor is entitled to an income tax deduction. The annuity payment is a direct obligation of EARTH and is not dependent on the assets of a finite trust.

### Charitable Lead Trust

The Charitable Lead Trust (CLT) is a good vehicle for providing income to EARTH University for a set number of years, with the assets in the trust ultimately passing on to your children or grandchildren. Under this arrangement, you transfer assets to a trustee who would then make annual payments to EARTH for a specified number of years. There is no minimum or maximum payout requirement. CLTs are typically created by those in higher estate tax brackets with significant charitable interests who wish to pass assets to younger generations with little or no estate or transfer tax.

### Charitable Remainder Trust

With a Charitable Remainder Unitrust or Charitable Annuity Trust, you can make a life income gift that allows you to continue to receive a guaranteed income while also donating to EARTH University. Your gift is administered separately as a trust and at the end of your lifetime, the balance of your Unitrust or Annuity Trust goes directly to EARTH. The income and estate tax advantages can be significant—avoidance or reduction of capital gains tax, personal tax deductions, and estate tax deductions. These types of trusts make sense for those who own stock with a low cost basis.

- ◆ **Charitable Remainder Unitrust** — You make a donation to EARTH University and we pay you a fixed percentage of the assets held in



trust. Your income varies annually with the market. You decide, within certain limitations, the rate of return you will receive on the trust's assets.

- ◆ *Charitable Remainder Annuity Trust* — You make a donation to EARTH University and we pay you a guaranteed fixed income for life based on the amount you designate. The rate of return varies according to your age at the time of the donation.

## *Donor Advised Funds*

Any individual or family with assets that wants to have control over how charitable dollars are spent – without the hassle and expense of setting up a family foundation – should consider a Donor Advised Fund (DAF). With a donor advised fund, you make a gift to the host charity, usually a community foundation. Because the host charity is recognized by the IRS as a tax-exempt organization, you get a fair market value tax deduction in the year of the gift. Assets are deposited into an investment account where they can grow tax-free. You retain the right to advise the host charity in administering the affairs of the DAF, such as naming the fund, managing investments, recommending grants and selecting a replacement advisor at death.

## *Gifts of Life Insurance*

Life Insurance provides another excellent means for making a gift to EARTH University. When your children were young, you may have purchased life insurance to ensure their education. Now, the children are grown and no longer need the protection provided by that policy. Perhaps you purchased a policy to help with your retirement years but no longer need that assistance.

- ◆ Do you have a policy to pay the mortgage but the balance on the mortgage is now very low?
- ◆ Do you have a policy for business purposes and the business has been sold or the protection is no longer needed?

If you contribute the whole policy, you can designate EARTH as beneficiary or co-beneficiary, retaining the right to change the beneficiary and retaining your ownership of the policy. In this instance, no federal income tax deduction is available, since you would still be the owner of the policy. However, at the time of your death, your estate would receive a charitable deduction when the proceeds of the policy are paid to EARTH.

To receive the federal income tax charitable deduction, you would need to designate us as both the owner and the beneficiary of the policy. When such a gift is made, the deduction will be approximately equal to the cash value of the policy at the time of



the gift. If you decide to continue to pay the premiums on the policy after the gift is made, the additional premium payments will be tax deductible each year.

## Retirement Plan Assets

Your retirement plan serves as an important building block for future financial security. You may have enjoyed significant growth in your accounts over time, comfortably benefiting from years of the tax-deferred growth.

To preserve your retirement assets after your lifetime—rather than relinquish a large portion of them to taxes—consider the benefits of using them as a source for charitable giving

Retirement accounts are particularly suited to charitable contributions because such accounts are often exposed to income and estate taxes, at a combined marginal rate that could rise to 75% or even higher on large, taxable estates, leaving very little for heirs. Yet, many of these taxes can be avoided or reduced through a carefully planned charitable gift.

Even if your estate is not large enough to be subject to estate tax, and even if your spouse is your account beneficiary (thus avoiding estate tax), **income tax will always be owed** on the assets when they are withdrawn by an individual beneficiary.

- ◆ **Charitable Bequest — Direct or Deferred** — Your retirement account can pass directly to EARTH as your primary beneficiary, or it can be transferred to a deferred giving arrangement that will pay an income for life to a family member, after which the remaining assets pass to EARTH. You might even consider a deferred gift of your retirement benefits that is designed to pay a life income to yourself.
- ◆ **Charitable IRA Rollover** — New tax laws permit lifetime charitable gifts from IRAs—so long as the donor is over the age of 70 ½ and gives at least \$100,000. The donor benefits by not having to report the IRA distribution as taxable income, although the donor will not be able to claim a charitable income tax deduction for the gift.



## Wills

If your estate is subject to the federal estate tax, a charitable bequest can save significant tax dollars. EARTH can be named as a beneficiary in your will in any one of a number of ways:

- ◆ **Outright Bequest** — You can specify an outright gift of cash, securities, real estate, or tangible personal property. If you bequeath dollars, you may wish to bequeath a certain fractional interest, or percentage, of your estate to us, rather than a fixed amount. This technique hedges against inflation and unforeseen shrinkage, and assures your heirs their proportionate share.
- ◆ **Residual Bequest** — A residual bequest provides that, after specific bequests are made to named individuals, EARTH receives the amount that remains in the estate.
- ◆ **Contingent Bequest** — A contingent bequest means that EARTH will receive certain assets only if a named individual (i.e. a spouse or sibling) does not survive you.
- ◆ **Testamentary Trust** — Such a trust can provide income for another person or persons for life with the principal ultimately passing to EARTH. In the alternative, you could designate that the income come to EARTH for a certain number of years and the principal ultimately pass to family members or others.
- ◆ **Codicil** — If you already have a valid, up-to-date will, your attorney can prepare a codicil to your will naming EARTH as a beneficiary without having to re-write the entire will.

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By making a planned gift to EARTH as part of your estate plan, you are investing in hundreds of young men and women from all over the world while re-affirming your belief in the power of the next generation to change society and protect the natural resources we depend on.

With an array of options to suit you, your loved ones, and your favorite causes, the benefits of becoming a valuable member in *EARTH Circle of Sustainers* program will last for years to come.

To learn more about our *EARTH Circle of Sustainers* program, contact EARTH University Foundation Executive Director, Pat Fischer at [pfischer@earth-usa.org](mailto:pfischer@earth-usa.org) or call 404-995-1243.