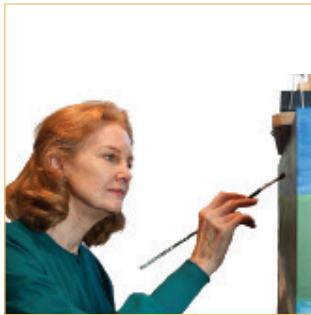


Bess H. Truman

# BESS WALLACE TRUMAN LEGACY SOCIETY



## A Guide to Planned Giving





*The Bess Wallace Truman Legacy Society was founded by Community Services League in 2013 as a program to insure continued success of the organization for generations to come.*

**COMMUNITY SERVICES LEAGUE**  
404 N. Noland Rd. Independence, MO 64050  
**info@cslcares.org | (816) 254-4100**

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# Dear Friend,

Are you looking for ways to save on your taxes this year through charitable giving? Would you like to avoid capital gains tax on the sale of your appreciated assets? Are you interested in ideas to help you plan and save for the future? If you answered yes to any of these questions, a planned gift can help you achieve your goals.

Planned giving provides many benefits. There are ways to increase your income now or in the future and save you money on taxes. With a planned gift, you can also create your legacy while furthering our charitable mission.

The goal of this guide is to explain to you some of the best planned giving options and the benefits of giving to our organization. If you have questions about your specific assets, potential income or tax savings please contact us. We would be happy to provide you with a personal illustration and answer any questions you may have about charitable plans.

We are happy to help! Please let us know if we can be of assistance to you in reaching your goals.

Sincerely,

Doug Cowan, CEO  
Community Services League

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# What is Planned Giving?

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## *Annual Giving*

An on-going show of financial support for charity

## *Planned Giving*

A way to leave assets to charity that provide current and future benefits

### *Common Types of Planned Gifts*

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# Bequest

A future gift to help your favorite charity.

A bequest is one of the easiest ways for you to make a planned gift.

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## *The Need*

Many people want to give to charity but are unable to donate property during their lifetime. For example, you may have property that will be needed during life to cover living expenses or rising health care costs. You may benefit from donating this property through your estate.

## *The Solution*

You can retain ownership and use your property during your life and benefit a charitable organization like ours by leaving the property to charity when you pass away.

## *The Benefits*

### **Gift to Charity**

The charity receives cash or property.

### **Tax Deduction**

The amount given to charity is not subject to federal estate tax.

### **Flexible**

You are able to use and control your property during your lifetime.

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## *The Details*

You can leave a gift to charity by including a bequest in your will or trust. Property that passes through a beneficiary designation (such as individual retirement accounts) can be left by designating the charity as a beneficiary.

### *Specific Asset Bequests*

Many bequests transfer a specific item to a beneficiary. "I give my car to Joshua."

### *Specific Amount*

Another common transfer via a will is the gift of a specific dollar amount. "I give \$1,000 to Sarah."

### *Bequest of a Percent of the Residue*

A fractional amount or percent of what is left of the estate may be transferred to charity. "I give 50% of the residue of my estate to Ann."

### *Undivided Percentage of Asset Bequests*

You may bequeath or devise an undivided percentage of a particular asset. "I give half of my home to Brian."





# Gift Annuity

An agreement through which you make a gift of cash or property and a charity agrees to pay you fixed income for the rest of your life.

## *The Details*

A Charitable Gift Annuity (CGA) is a contract between you and a charity. In exchange for a gift of cash or property, the charity agrees to make fixed payments to you for the remainder of your life.

## *Duration*

You give cash or appreciated property to charity. In exchange, the charity makes fixed payments for the lifetime of you or you and another person.

## *Payout Rate*

Your Gift Annuity payout rate is based on your age. Check with us to see how high your payments could be.

## *Taxation of Payments*

A portion of your gift annuity payments could be tax free. The remaining amount of each payment is taxable at ordinary income tax rates and some portion could be taxed at capital gains rates.

## *Timing*

A Gift Annuity contract can begin making payments immediately (a Current Gift Annuity) or you can begin receiving income at a future date (Deferred Gift Annuity).

## *The Need*

You want to make a gift to charity and receive fixed income.

## *The Solution*

You and a charity enter into a charitable gift annuity agreement.

## *The Benefits*

### **Fixed Payments for Life**

You receive fixed payments for life.

### **Tax-Free Payments**

A portion of each payment may be tax free.

### **Rates by Age**

Payout rates are based on your age at funding.

### **Tax Deduction**

You will receive a federal income tax deduction.



# Charitable Remainder Trust

You transfer cash or property to a trust that pays income for your life or a term of years. The remainder goes to charity.

## *The Need*

You desire to change appreciated property that produces little or no income into a productive asset without paying capital gains tax on the sale of your property.

## *The Solution*

You contribute appreciated property to a Charitable Remainder Trust that will sell the property tax free and make payments for your lifetime or a specified term of years. The trust may pay income to multiple beneficiaries.

## *The Benefits*

### **Bypass Gain**

The trust sells your property tax free.

### **Increased Income**

The trust pays you a percentage of its value.

### **Tax Deduction**

You receive a current federal income tax deduction.

## *The Details*

You transfer cash or appreciated property to the CRT. The CRT is a tax-exempt trust that can sell the property without paying capital gains tax.

## *Duration*

A CRT can last for the lifetime of one or more beneficiaries or for a specified term of years.

## *Annuity vs. Unitrust Payout*

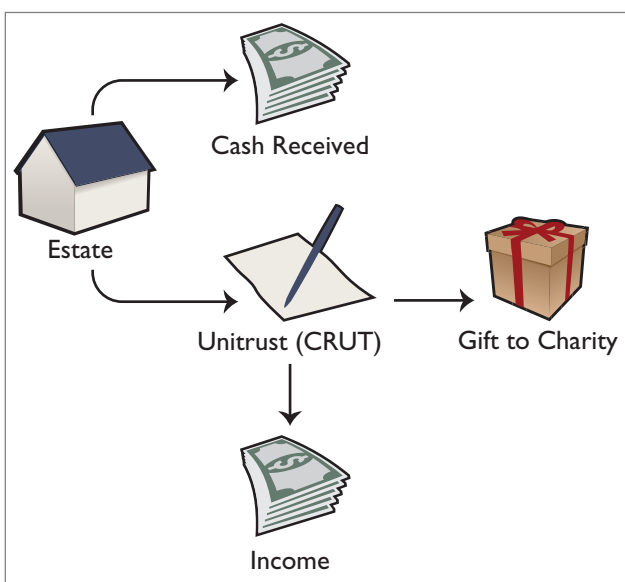
A Charitable Remainder Annuity Trust (CRAT) pays a fixed dollar amount each year. By contrast, a Charitable Remainder Unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

## *Taxation of Payouts*

Most CRT payouts are taxed to you as ordinary income and/or capital gain.

## *Payout Flexibility*

A Unitrust offers flexible payout options. Check with us to see which option is right for you based on your assets and goals.



# Life Estate Reserved

You make a gift of your home or farm to charity and retain the right to use the property for your lifetime.

## *The Need*

You may desire to leave your home or farm to charity at death but would like a current tax benefit.

## *The Solution*

You can deed your home or farm to charity but keep the right to use the home or farm for your remaining lifetime.

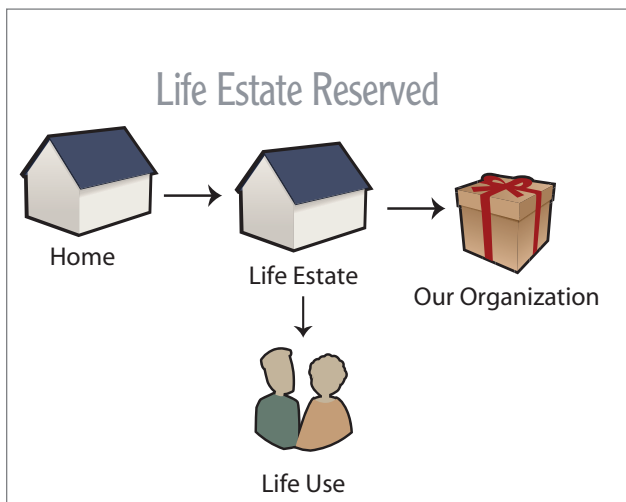
## *The Benefits*

### **Tax Deduction**

You receive a current federal income tax deduction for the present value of the remainder interest in the home or farm.

### **Preserves Lifetime Use**

You are able to use and control the home or farm while alive.



## *The Details*

You execute a deed transferring your home or farm to charity. On the deed, you retain a "life estate" that grants you the right to use the home for life. You receive an income tax charitable deduction for your gift.

## *Duration*

The Life Estate typically lasts for your lifetime or the life of you and another person.

## *MIT Agreement*

You agree to be responsible for the maintenance, insurance and taxes while you remain living on the property.





# IRA Rollover

If you are age 70½ or older, you may make a gift of up to \$100,000 this year from your IRA to charity that qualifies for your required minimum distribution (RMD) amount.

## *The Details*

A person age 70½ or older can make a gift of up to \$100,000 to charity from an IRA to meet their annual distribution requirement. By making an IRA charitable rollover gift, you are able to avoid taxes on the IRA distribution while supporting charity.

## *Making an IRA Rollover Gift*

You should contact your IRA custodian to make an IRA rollover gift to charity. The IRS will treat the amount of the cash gift as if the donor had made a direct rollover to charity and the donor can then avoid federal tax on the amount of



## *The Need*

You want an easy way to make a gift to charity and receive tax benefits.

## *The Solution*

You can transfer money from your IRA to charity.

## *The Benefits*

### **Lower your Taxable Income**

Lower your income by rolling over your RMD this year.

### **Lower your Social Security Tax**

Lower income may mean lower tax on your social security payments.

### **Major Gift Source**

You can make a major gift with IRA dollars as opposed to cash

### **Nonitemizer Gift Benefits**

You can enjoy tax and income benefits too!

# Bargain Sale

A charity purchases your property for less than fair market value or accepts a gift of your mortgaged property.

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## *The Need*

Many people desire to sell their property and also make a gift to charity.

## *The Solution*

A charity can buy your property at a bargain price or agree to accept your property subject to a mortgage.

## *The Benefits*

### **Immediate Benefits**

You receive a cash payment or debt relief.

### **Bypass Gain**

You avoid capital gains tax on the part of the property that is a gift.

### **Tax Deduction**

You receive a current federal income tax deduction for the part of the property given to charity.

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## *The Details*

A bargain sale works just like any other sale except that the sale price is a bargain (less than the property is worth). You receive cash from the sale and a charitable deduction.

## *Charitable Deduction*

You receive a charitable deduction for the difference between the fair market value of the property transferred and the cash received in the bargain sale.

## *Cash or Debt Relief*

You can sell your property to charity and receive a cash payment or debt relief.

## *Bargain Sale*

You receive the cash or debt relief you desire, and the charity receives a valuable property for a payment of less than the fair market value price. The difference between the sale price and the appraised value of the property is a gift you make to the charity.





# Community Services League

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CSL was founded in 1916 by a group of women from a bible study class, including former First Lady Bess Wallace Truman. Since its inception, the mission has never changed from helping those less fortunate in our community.

CSL is one of the largest human services providers in the five-county metro area. In many of the communities we serve, CSL is the only option residents have for emergency services, employment guidance, or housing counseling.

CSL's mission is to assist communities in reaching their potential by providing immediate relief to people in need, assessing their situations, and providing solutions that lead to economic stability.

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COMMUNITY  
FOUNDATION**

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for information specific to your situation.