

Gifts by Will or Living Trust

A bequest is the most traditional way to provide significant help for worthwhile causes. With a gift through your will or living trust, you retain full use of your gift property during your life.

We have listed several common forms of charitable bequests with the hope that one type of bequest will fit your individual needs. Further information is available upon request. Your attorney can provide you with appropriate language that addresses your desired bequests.

General Bequest

The most familiar type of bequest is the general bequest, which specifies that your favorite charity will receive a designated sum. For example, you might make a general bequest of \$25,000. You may prefer this arrangement because it is considered a primary charge against your estate — which means it will almost certainly be fulfilled.

Percentage Bequest

This is an excellent alternative to the general bequest. The percentage bequest states that your favorite charity will receive a certain predetermined percentage of your estate. By making a percentage bequest of 10%, for example, you assure yourself that inflation will not reduce the true value of the bequest you intended for our benefit.

Specific Bequest

When making a specific bequest, you are directing that one particular property be transferred to your favorite charity, such as a certain piece of real estate, the stock from one specific company or some other specific property. This type of bequest is ideal for individuals wishing to give particular stocks or a valuable art object.

Benefits of Leaving Bonds

Many people own U.S. savings bonds, tucked away, perhaps, in a desk drawer or safe deposit box. Savings bonds are valuable, but they may be subject to heavy federal income taxes and state and federal “death taxes” in a person’s estate. For example, heirs who receive \$50,000 in savings bonds from your estate may have to pay income tax on \$25,000 or more of built-up interest. Furthermore, the full \$50,000 could be subject to federal estate tax, leaving them with only a fraction of the bonds’ value.

You can erase all taxes on savings bonds at death by changing your will or revocable living trust to specifically leave bonds for your favorite charity’s benefit. Savings bonds that are received by your favorite charity receive a pass 100% free of estate taxes and, as a tax-exempt organization, your favorite charity would owe absolutely no income taxes on the bonds. In other words, every dollar could be used for your favorite charity, in contrast to the shrunken after-tax amount that would be available to other beneficiaries.

Caution: A specific bequest can be satisfied only with the property designated. If that property has been sold or otherwise removed from the estate, your favorite charity receive nothing in its place.



Residuary Bequest

This bequest directs that your favorite charity will receive either everything remaining in your estate or a designated percentage of your estate after all necessary costs, all general bequests and all specific bequests are satisfied. This type of bequest allows you the flexibility of making several primary bequests while still giving you the assurance that we will be a secondary beneficiary of your estate. But the residuary bequest has the drawback of uncertainty. Your favorite charity receives only as much or as little as is left after all primary obligations are satisfied.

Contingent Bequest

As the name implies, this bequest is “contingent” on some event. Usually, you might make a primary bequest for a relative, with the contingency that if that relative is not living at the time of your death, the bequest will pass to your favorite charity. The contingent bequest is often used in the case of a husband or wife who stipulates that if his or her spouse is not living at the time of his or her death, then the bequest specified for the spouse will pass to a contingent charitable beneficiary.

You can also permit your primary beneficiary to “disclaim” (decline) a bequest and direct that it would then pass to your favorite charity, the contingent beneficiary.

The Testamentary Trust

We have discussed both the unitrust and annuity arrangements as lifetime gifts. It is important to note that both gifts also can be set up to take effect only after your death. This type of arrangement in your will serves as a “deferred bequest” for benefit of your favorite charity. But your bequest helps family members first.

A bequest of this type provides your beneficiaries with the investment and management expertise of a trustee. Furthermore, the gift can yield significant estate tax savings for your estate.