


HOW TO MAKE EFFECTIVE BEQUESTS

DONOR'S GUIDE




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You have worked hard to accumulate assets throughout your life. If you do not have a valid will or trust at your death, however, the state in which you reside will distribute those assets according to state law.

When you create a will, however, you have the ability to determine how your assets are distributed at your death to the individuals and charitable organizations of your choice. And, including a bequest in your will to your favorite charitable organization may be the best way to make a meaningful gift and save specific assets, such as property, securities or real estate, in case you or your family members need them in the future.

Charitable bequests offer some of the following advantages:

- ***Easy.*** Making a bequest is as simple as inserting a few sentences into your will, such as, “I give \$10,000 to [name of charitable organization].”
- ***Revocable.*** Wills are not written in stone and can be changed at any time. Because relationships and circumstances evolve over



time, your will should naturally do the same. With a bequest, you are not actually making a gift until your death. Until then, you are free to alter your plans, eliminating the worry that you must make an irrevocable commitment that you might later regret.

- **Tax-wise.** Aside from the pure joy achieved by leaving meaningful gifts to others, making a bequest to a charitable organization has valuable tax benefits. Your estate is entitled to an unlimited estate tax charitable deduction for bequests to qualified charitable organizations.

Making a Bequest in Your Will

The reasons that donors make charitable bequests are generally as varied as the donors themselves, and cover a wide range of personal and philanthropic goals. Perhaps the one common denominator is a sincere desire to give back to the community or to a particular charitable organization, with some of the other most notable reasons being:

Belief in the charitable organization: “The values you espouse are values I want to see perpetuated in our society,” said a donor in a letter to a favorite charitable organization. “I am thoroughly convinced of the



worthiness of your cause. I like your objectives, and I applaud the fact that you do not waste money in achieving them. I want to continue to support your mission.”

Savings on estate taxes: “I would rather see you get my money than have it go to taxes,” commented a tax-conscious donor. “By making a gift to you, I am bringing my estate below the taxable level. I have made provisions for my heirs, and now this is a great way to ensure that the rest goes to a cause of my choosing, and not the government’s.”

Ability to make changes: “I like the income tax break I get on my annual gifts to you and have always wanted to do more, but I like my ‘cushion,’” said a retired donor with a deep desire to help others. “You never know what might happen. I might need that money someday. This way, if I need it, I can use it. I can change my mind about my will at any time. If everything goes as planned, however, that money will go to support your work.”

Creating a personal legacy: “By making a charitable bequest to your organization, I know that I am doing something for those who come after me, and it is a good feeling,” said a donor who wanted his



support to continue beyond his lifetime. “Thank you for showing me how to support a cause that I value—and for letting me do it my way.”

Eight Ways to Make a Bequest

Leaving us a bequest in your will is easy. Charitable bequests can be included in your will when you first have one drafted, or you can add a bequest later by means of a codicil to your will.

It is important to have the correct name of the charitable organization you intend to benefit. By avoiding generalities (“the hospital” or “the university”), you prevent confusion or possible misinterpretations. Clarity ensures that your donation reaches its intended beneficiaries. Contact each charitable organization and verify its legal name and address.

While not required, it is helpful to notify us that we are being named in your will or trust documents. This way you can be sure that your bequest will be executed in the manner you intended. Additionally, we have special means of recognizing donors who have named us in their wills.

Here are eight generally accepted methods to leave a bequest in your



will or trust. You should discuss the various strategies with your estate planning attorney as you prepare to create or update your will.

1. Specific bequest. This is an outright bequest that is a gift of a certain item to a particular beneficiary. For example, “I give my diamond ring to my niece, Natalie.” If the diamond ring has been disposed of before death, the bequest is not effective and no claim can be made to any other property. (In other words, Natalie would not receive cash in place of the diamond ring.)

“I give my vacation home at 1945 Gulf Shore Boulevard, Naples, Florida, to my son, Adam.”

2. General bequest. This is an outright bequest and is usually a gift of a stated sum of money. It will be effective, even if there is not sufficient cash to meet the bequest. For example, “I give \$15,000 to my cousin, Jim.” If there is only \$10,000 cash in the estate, other estate assets must be sold to meet the bequest.

“I give \$20,000 to my friend, Hank Alexander.”



3. Residuary bequest. This is an outright bequest of all the “rest, residue and remainder” of your estate after all other bequests, debts and taxes have been paid. For example, you own property worth \$400,000. Out of that \$400,000, you intend to give a child \$100,000 by specific bequest and leave \$300,000 to your spouse through a residuary bequest. If the debts, taxes and expenses were \$75,000, there would only be \$225,000 ($\$300,000 - \$75,000$) left for the surviving spouse.

Instead, the preferred manner to divide an estate is according to percentages of the residue (rather than specifying dollar amounts), to ensure that your beneficiaries receive the proportions you desire.

“I leave 15 percent of all the rest, residue and remainder of my estate to [organization name].”

4. Contingent bequest. This is a bequest made on condition that a certain event must occur before distribution to the beneficiary. You can make provisions that money, property or a particular share will be given to some individual if that person survives you; otherwise, it is distributed to us. For example, “I give \$20,000 to my daughter, Gail,



provided she enrolls in college before age 21.” A contingent bequest is specific in nature and is not effective if the condition is not met. (A contingent bequest is also appropriate if you want to name a secondary beneficiary, in case the primary beneficiary does not survive you.)

“I give \$35,000 to my son, Zach, if he is living at my death, otherwise the \$35,000 will go to [organization name].”

The previous types of bequests can apply in the case of bequests to individual heirs or bequests to charitable organizations.

The following items are special considerations which apply only to charitable bequests.

5. *Unrestricted bequest.* A gift like this—without conditions attached—is frequently the most useful, as it allows us to determine the wisest and most pressing need for the funds at the time of receipt. This is a gift for our general purposes, to be used at the discretion of our governing board.

“I, [name], of [city, state, ZIP], give, devise and bequeath to [legal name of organization] [written amount] for its unrestricted use and purpose.”



6. *Restricted bequest.* You may restrict your gift by directing how you want it used or by allowing us to spend only the income earned on the principal. Perhaps you have a special purpose or project in mind. If you wish to designate a specific purpose, we encourage you to consult us in advance to make certain we will be able to carry out your intent.

“I, [name], of [city, state, ZIP], give, devise and bequeath to [legal name of organization] [written amount] for [organization’s name] library operations.”

7. *Honorary or memorial bequest.* This is a gift given “in honor of” or “in memory of” yourself, in your family’s name or on behalf of someone else. We are pleased to honor your request and have many ways to grant appropriate recognition.

“I, [name], of [city, state, ZIP], give, devise and bequeath to [legal name of organization] [written amount] in honor of my mother, [name], for her lifetime interest in gardening.”

8. *Endowed bequest.* This bequest allows you to restrict the principal of your gift, requiring us to hold the funds permanently and use only a



small percentage of its value each year. Creating an endowment in this manner means that your gift can continue giving indefinitely.

“I, [name], of [city, state, ZIP], give, devise and bequeath to [legal name of organization] [written amount] as an endowment with a spending rate of 5 percent per year.”

Bequests Come in All Sizes

The World Through Rose-Colored Glasses

If you have ever doubted your ability to make a valuable difference in the world, consider the true story of Rose who was born deaf and mute in a community similar to ours. Despite her handicap, Rose worked her entire adult life earning a modest income. After she retired, Rose wrote in faltering prose to a local charitable organization: “I want to give money to your organization to help people.”

Several years later, Rose passed away and the organization received her entire estate—worth more than \$160,000. The money funded an endowment for a new program the organization was starting.

Rose’s generosity shows that while our government encourages philanthropy by offering significant tax benefits to people who support



charitable organizations, it is our hearts that ultimately lead us to reach out to others in need.

Bequeathing Unique Items

When you decide to make a charitable gift from your estate, do not overlook bequeathing specific assets to us in your will. For example, you may have an asset with sentimental value that is not as important to your children, or perhaps you know your children will not keep the asset in the family. These types of assets can make perfect charitable bequests. We can either keep the assets and use them directly as part of our organization's mission, or we can sell the assets and use the proceeds to help fund our mission and operations.

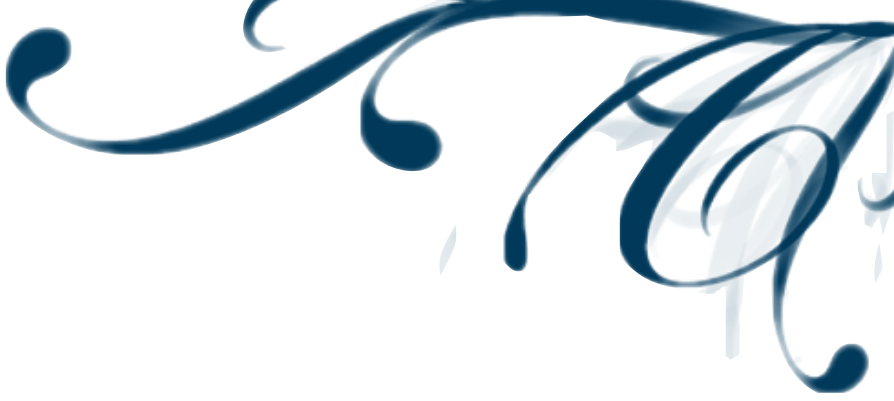
Some assets, however, are more easily put to use by a charitable organization. For example, paintings and artwork can be easily used by an art organization; stamp, coin, car and tool collections can be given to museums specializing in these types of collections; antiques may be left to local historical societies; and many household items can be left to homeless shelters or domestic violence shelters. These shelters can always use blankets, furniture, beds, bedding, clothing, coats and



dishes. Contact our office to see which types of items work best for our organization.

For More Information

It is easy to understand why many individuals consider a charitable bequest the perfect way to make a gift. Without parting with any of your assets today, you can make provisions that will help your family and your favorite charitable organizations in the future. You will be leaving a legacy, while also having the satisfaction of knowing that your philanthropic dreams and goals will be met after you are gone. For more information on making a bequest, contact our organization.



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