

Life Income Gifts and ICS

Occasionally, when something seems too good to be true, it ends up being true anyway! Several types of charitable gifts fit this description. Certain planned gifts are also called “life income gifts.” They offer an income stream and an income tax deduction to a donor while fulfilling the donor’s intent to support a qualified organization like Interfaith Community Services (ICS). Charitable remainder trusts and charitable gift annuities are two examples.

A *charitable remainder trust* (CRT) is a transfer of property to a charity that provides income to the donor (or someone else but not the charity) for a period not to exceed twenty years. After the donor’s death or the end of twenty years, the remaining property goes to the charity.

When the donor funds a charitable remainder trust, he or she is entitled to a federal income tax deduction because the transfer of property is a charitable contribution. The CRT can be funded with different types of assets – such as cash, securities, or real estate. The type of asset provides different tax advantages for the donor and is an important consideration in making the gift.

A *charitable gift annuity* has similar features to a CRT but is created in a simpler way. A charitable gift annuity is a contract between the donor and the charity. The donor makes a gift to the charity and receives annual income payments for life. The donor will receive an immediate income tax deduction when the gift is established, and a portion of the annual income payments are tax-free.

The Southern Arizona Community Foundation serves as trustee of life income gifts made to Interfaith Community Services.

Planned gifts are different from outright charitable gifts because they require more planning. Donors should consult with their tax or financial advisors before taking steps towards a planned gift. In many cases, however, the right planned gift is a win-win decision for both the donor and Interfaith Community Services.

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