

Planned Giving 101

Prepared for

Northwest Planned Giving Roundtable

September 18, 2025

Bill Dolan, Senior Philanthropic Advisor

 **Private Wealth
Management**
U.S. Bank

Investment products and services are:
NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE •
NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Bill Dolan

Vice President, Senior Philanthropic Advisor

william.dolan@usbank.com | D: 503.464.4908



CREDENTIALS

J.D., Lewis & Clark Law School,
Portland, Oregon

B.A., University of Portland,
Portland, Oregon

As a Senior Philanthropic Advisor, Bill works exclusively with nonprofit organizations, families and businesses to help maximize the impact of their charitable goals. He advises public charities in the areas of governance, management, fundraising and gift planning. For individuals and business owners, he focuses on developing and implementing strategies that help work towards their philanthropic objectives through a customized approach, which includes donor advised funds, private foundations, charitable trusts and other complex giving techniques.

Bill began his career in the charitable services industry in 2005. Prior to joining U.S. Bank Private Wealth Management, Bill worked as an attorney at the DuBoff Law Group. His professional background includes certification as a 21/64 Trainer for facilitating discussions around wealth and philanthropy, and he has been published in the Portland Business Journal and several legal journals.

Bill is a member of the Board of Directors for the Willamette Falls Trust. He volunteers for the Northwest Planned Giving Roundtable and the Nonprofit Law Section of the Oregon State Bar.

Bill resides in Portland with his wife and two children. When he is not at work, he enjoys playing various stringed instruments.

What is Planned Giving?

- Gifts of significant assets
- Not available for the nonprofit to use immediately
- May involve a “split-interest” vehicle
- Often funded with assets other than cash (appreciated securities, real estate, business interests, etc.)



Planned Giving

- The term "planned giving" was coined 53 years ago by Robert F. Sharpe:
 - "A donor usually considers a current gift to your institution as a cash outlay now. To make a deferred gift, a person decides to give at some future date, either a number of years from now or at death. A deferred gift is a present decision to make a future gift, evidenced by a legal contract.
 - "While the name 'deferred giving' is best known to professionals in the field, it is not a term that communicates very much to the average donor. Therefore, we suggest the term 'planned giving.' When a person makes a planned gift, it suggests forethought."
- [-Give & Take](#), a publication of the Sharpe Group, August 1972

Other ways to think about it



- Silos for development staff
 - Annual giving
 - Major gifts- annual giving at large amounts
 - Planned giving- only deferred
- Annual Giving vs Legacy Giving
 - Annual gift is not generally considered a planned gift but a legacy gift is
- Estate Planning/Planned Gifts
 - Any gift that affects a donor's estate plans or would be incorporated into their estate planning
 - Percentage of assets
- Most planned gifts involve some level of tax planning

When a Planned Gift is Appropriate?

When an outright gift does not fit the situation

- Donor reluctance
- Donor seeking benefits that an outright gift does not provide.

Listen for the donor's priorities/ concerns:

- Timing
- Income tax considerations
- Transfer tax considerations (estate/gift taxes)
- Uncertain income needs
- Disposition of assets to heirs
- Concentration of assets
- Appreciation of assets
- Major taxable event



Tax Planning

- **Planned giving donors receive tax benefits**
 - Income Tax
 - Estate Tax
 - Capital Gain Tax
- Planned Giving strategies are used by wealth planners with their clients to mitigate taxes and the charitable gift is secondary

Income Tax

AGI - reportable income (all income minus above the line deductions- IRA contributions, HSA contributions, etc.)

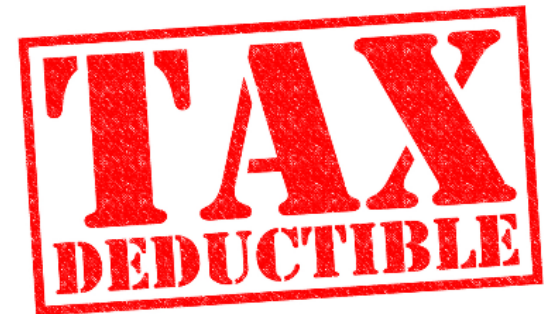
-

EITHER standard deduction or itemized deductions

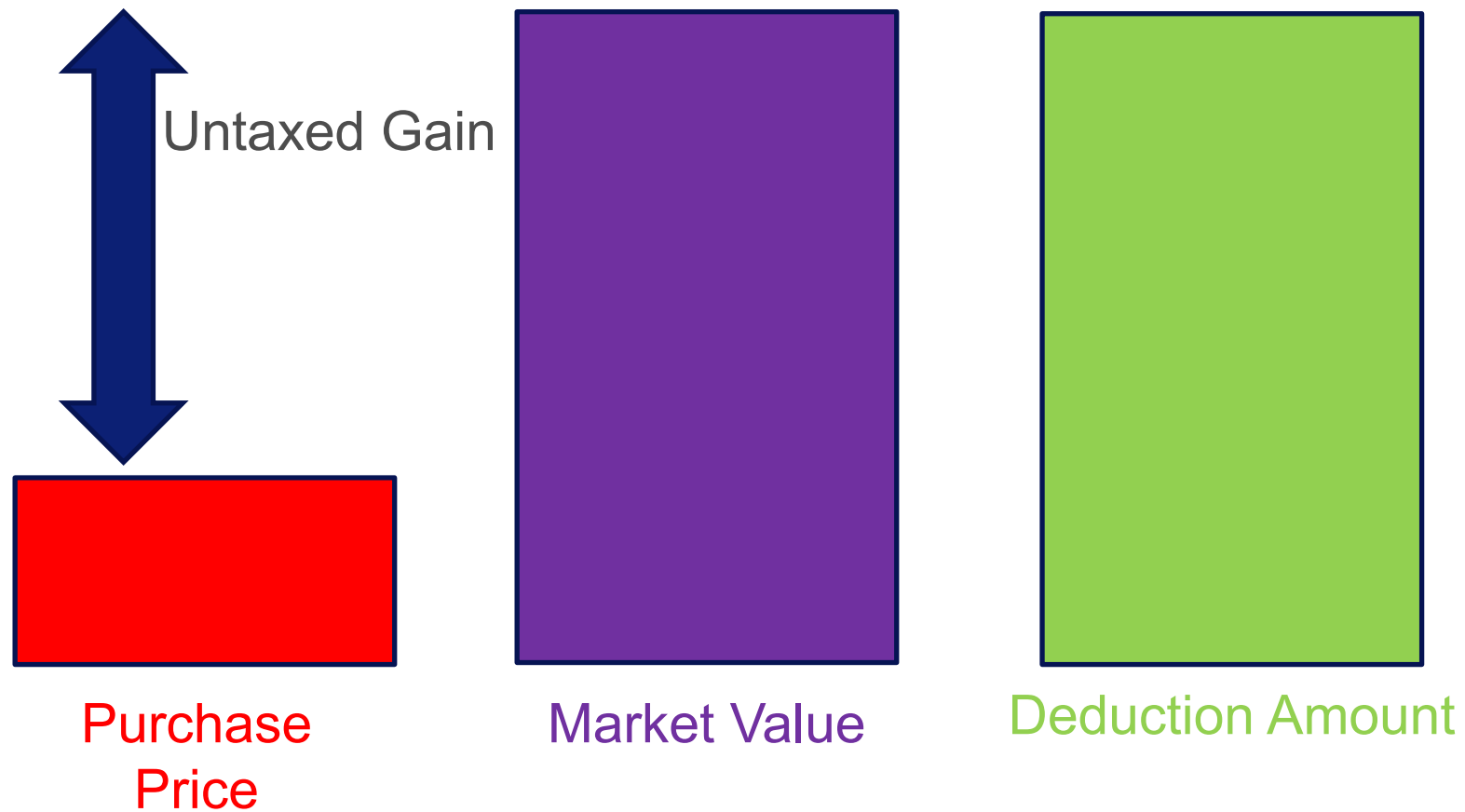
=

Taxable Income

- Charitable income tax deduction is an itemized deduction
- Applicable limits apply for gift to public charities:
 - 60% of adjusted gross income (AGI) for cash gifts
 - 30% of AGI for appreciated asset gifts



Appreciated Asset Bonus



Types of Gifts



- Bequests
- IRA Gifts
- Charitable Gift Annuity
- Charitable Remainder Trusts

Bequests in Wills and Living Trusts – Planned Giving the Easy Way

- Gifts made through bequests can be in the form of:
 - Specific dollar amounts
 - Specific property or assets
 - Percentage of the estate
 - Fraction of the estate
 - Residue of the estate
- The donor's estate will receive a deduction for FMV of the cash or asset contributed as of the date of death, with no applicable limitations



IRA Gifts at Death – Avoiding Double Tax

- Inherited IRAs can be subject to both **Estate** tax and **Income** tax
- Giving IRA assets to charity mitigates both
- Testamentary gifts of IRA's to charity are very easy to designate and change through Beneficiary Designation forms. ***Donors do not have to amend their Trust / Will to change remainder beneficiary of their IRA.***

IRA Gifts During Life – Qualified Charitable Distribution

- Qualified Charitable Distribution (QCD) - Allows donors to make a transfer directly from their IRA to charity and not have to recognize the income while still satisfying their required minimum distributions.
 - Donor must be 70 ½* or older.
 - Gift must be paid directly from the custodian to charity.
 - A maximum of \$108,000 a year is allowed per donor.
- *RMD age has been raised to 73 but QCD is available at 70 ½ years old.
- *QCD assets may now be used for Charitable Gift Annuities and Charitable Remainder Trusts but with significant restrictions*

Charitable Gift Annuity

- Contract between donor and charity
- Bargain sale
 - Donor purchases annuity for more than full market value
- Donor gets deduction for difference between amount paid and present value of annuity
- Basis carries back to donor as returned principal over life expectancy as tax free income
- Capital gain also pro rata over life expectancy



Charitable Gift Annuity

- American Council on Gift Annuities
 - Rates assume 50% of original amount to charity
 - Over 90% of charities use these rates
- Governed by state law where donor resides
- Board needs to decide whether to offer or not
 - Potential liability
- Policies
 - Minimum Amount
 - Minimum Age
 - Sometimes maximum payout amount
 - Restricted gifts
 - Unrestricted surplus to fund a reserve



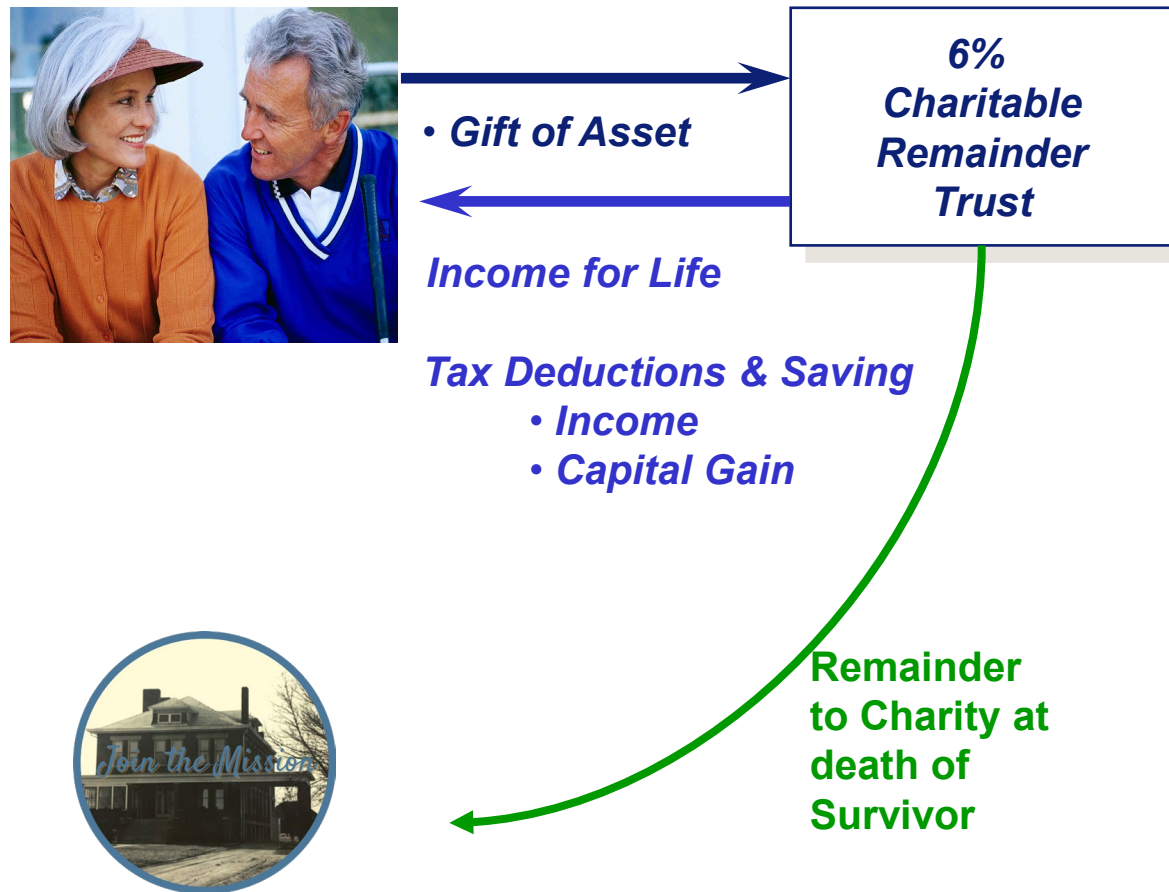
Charitable Gift Annuity

- **Two- step Process**
 - Gift to the Nonprofit
 - Contractual obligation to pay annuity
- **American Council on Gift Annuities**
 - Recommended maximum rates

Single Life	
Age	Rates
65	5.7%
70	6.3%
75	7.0%
80	8.1%
90+	10.1%

Two Life	
Ages	Rates
65/67	5.1%
68/72	5.5%
70/74	5.7%
75/79	6.4%
80/84	7.3%

Charitable Remainder Trust (CRT) – The Gift that Gives Back



CRUTs and CRATs

- Charitable Remainder Annuity Trusts (CRAT) provide a fixed income based on a percentage of the initial value of the trust assets as determined on contribution. Once funded additional assets may not be added to it in the future.
- Charitable Remainder Unitrusts (CRUT) provide a variable income based on a percentage of the annual value of the trust assets as determined each year. A donor can make additional contributions to a CRUT at any time, receiving an additional deduction and increasing their annual payout.



Life Cycle of a CRT

- Creation
 - Donor creates a Trust
 - Trust is a new tax-exempt entity
- Funding
 - Donor funds trust with appreciated assets
 - Funding does NOT trigger Capital Gain Tax
 - Donor can claim charitable income tax deduction for “gift” portion
- Management
 - Trust sells the donated assets
 - Trust acts through the Trustee – donor, charity, or third party
 - Trust invests proceeds in a diversified portfolio
- Administration
 - Trust pays income stream to “Income Beneficiary” for the term of the trust
 - Income beneficiary can be donor, or individual(s) the donor chooses
 - Term of the trust can be the life of the income beneficiaries or a term of years up to 20 years
- Termination
 - When Trust “matures” – the end of the term or death of the measuring life, the charity receives the “remainder”

Beneficiary Designations

- Payable on death accounts- checking, savings, brokerage
- Life Insurance
- Retirement Accounts
- Revocable until death
- Easy to change
- No probate
- No income tax planning (unless retirement account)



Retirement Accounts



- Traditional IRA accounts
 - Funded with pretax dollars and appreciate tax free
 - 401(k) rolled into IRA at retirement
 - Taxed as ordinary income at time of distribution
 - Does not receive a step-up in basis at death
 - Heirs are taxed on distributions as ordinary income
- Most tax effective way to give to charity at death

Retirement Accounts

- Example: Mary has a brokerage account worth \$500,000 with a cost basis of \$200,000 and an IRA with a balance of \$500,000. She wants to give $\frac{1}{2}$ to her kids and $\frac{1}{2}$ to charity.
 - If she gives charity the brokerage account and her kids the IRA
 - Charity gets \$500,000 when they sell the stock
 - Kids get \$500,000 minus income tax paid on distributions. Assuming that they are taxed at 24% federal and 9% Oregon rates they end up with \$335,000
 - If she gives charity the IRA and kids get the brokerage account
 - Charity gets \$500,000 from the IRA with no tax due
 - Kids get a stepped up cost basis to \$500,000 (FMV at death) so when they sell the stock for \$500,000 there is no gain and no tax due so the kids end up with \$500,000

Gifts at Death Compared

Bequest	Beneficiary Designation	Retirement Account Beneficiary Designation
Transfer at death	Transfer at death	Transfer at death
No income tax planning	No income tax planning	Reduces income tax for heirs
In a will= probate required In a trust = no probate required	No probate required	No probate required
Estate Tax Deduction	Estate Tax Deduction	Estate Tax Deduction

Important Disclosures (page 1 of 1)

© 2017 U.S. Bank N.A.

Investment products and services are:

NOT A DEPOSIT • NOT FDIC INSURED • MAY LOSE VALUE •

NOT BANK GUARANTEED • NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

U.S. Bank, and its representatives do not provide tax or legal advice. Each individual's tax and financial situation is unique. Clients should consult their tax or legal advisor for advice and information concerning their particular situation.