

**Cherry Creek Chorale
Development Committee**

Planned Giving Memorandum

In exploring new ways to generate revenues for the Chorale, the Development Committee recognized that planned giving was a potential revenue source that has been largely untapped. This memo is intended to provide a general overview of the various ways you can benefit the Chorale and receive significant income and/or estate tax benefits at the same time.

A. Lifetime Gifts.

The Chorale is a charitable 501(c)(3) non-profit organization. The simplest way to aid the Chorale is to make a tax-deductible current donation of cash or property.

The end of the year is a good time to make charitable donations. If you have a stock or other property that has appreciated in value, it may make sense to donate the property rather than cash. You will receive a tax deduction for the full market value of the property while avoiding capital gains taxes you would have incurred had you first sold the property and then donated cash.

There are specific limits to tax deductions for charitable contributions:

- Cash - 100% deductible up to 50% of your adjusted gross income.
- Property - 100% of fair market value deductible up to 30% of your adjusted gross income.
- Appreciated capital gains assets (stocks, jewelry, real estate, etc.) - 100% of fair market value deductible up to 20% of your adjusted gross income
(Contributions exceeding these annual limits can be carried-over and deducted for five subsequent tax years.)

B. Legacy Gifts.

A “painless” way to donate is to make a gift to the Chorale in your Will or Revocable Trust. Advantages:

- No change in current financial circumstances.
- No limitation on the amount of the gift.
- Estate receives an income and estate tax deduction for the full amount of the gift.
- A donation of appreciated property avoids capital gain taxes.

C. Life Insurance.

Name the Chorale as a full or partial beneficiary of a new or existing life insurance policy. If you name the Chorale as the owner and beneficiary of the policy, you may be able to deduct the premiums.

D. Retirement Plans.

You can name the Chorale as full or partial beneficiary of your profit-sharing or 401(k) plan. You may avoid double taxation on these donated funds (income and estate tax). This is a convenient way to make your donation with pre-tax dollars.

E. Split-Interest Gifts.

For larger estates, there are a number of more sophisticated planned giving methods which retain the advantages of a legacy gift but can offer very attractive “living” benefits as well.

Charitable Remainder Trust (CRT) or Gift Annuity (GA). You make a donation to a tax-exempt trust or Gift Annuity Sponsor naming the Cherry Creek Chorale as death beneficiary. You retain the right to receive a lifetime income. Advantages are:

- Guaranteed lifetime income.
- Donated assets are removed from your taxable estate.
- Current income tax deduction for a portion of the assets contributed.
- CRT - You can be the trustee, controlling the investments and thus the income.
- GA - You can name the CCC as beneficiary.
- Appreciated assets donated avoid capital gain tax.

F. Private Foundation.

You can establish your own private tax-exempt foundation to make charitable grants to the Chorale and other worthy charities which you wish to support. You and your family can control the foundation and may receive reasonable compensation for serving as directors or trustees. Family foundations are often used to encourage inter-generational philanthropy and promote and sustain the family’s charitable values.

Obviously, these are very general guidelines on strategies which range from fairly simple to the more complex. This memo is not intended to give specific tax or legal advice. Your own circumstances will determine which, if any of the above strategies is appropriate for you. You should consult your own financial and legal advisors before embarking on any of the strategies listed above. For additional information, feel free to contact a member of the Development Committee.