

## What is planned/legacy giving?

The Sunshine Camp is 100 years old. That doesn't just happen. It has taken a lot of deliberate effort by Rotarians over time, and that effort needs to continue for us to keep going for another century. Since we offer camp at deeply discounted rates and receive no government funding, that leaves it to us to generate the funds to sustain our camp. Annual events and general fund-raising help, but a less talked about, and potentially more impactful approach is through planned giving.

Planned giving can take many different forms. Some are outright gifts, some create an income stream during a donor's lifetime, some are done through insurance policies, but all can result in significant tax benefits and create an impactful legacy at the Sunshine Camp.

The simplest approach to a legacy gift is through an outright gift. Certainly, that can be done during the donor's lifetime, but it may also be accomplished through a bequest in a will or by designating the camp as the beneficiary of an IRA or other qualified retirement account. Each of these strategies confers specific tax benefits and which is most appropriate will depend on each donor's circumstances.

An outright gift during the donor's lifetime can result in a charitable deduction for the value of the gift, may reduce the donor's taxable estate if estate taxes are a concern, and could avoid capital gains if the gift is made with appreciated stocks or bonds. A gift through one's will could similarly reduce the value of a taxable estate.

One of the best tax wise ways to make an outright gift is to use assets from a qualified retirement account, such as an IRA. This can be done a couple different ways. After age 70 ½ you can make qualified charitable distributions from your IRA. These are direct payments to charities and can total up to \$100,000 each year. It will count as part of any required minimum distribution. These charitable distributions are not considered part of your adjusted gross income. They can help reduce your Medicare contribution, and thus maximize your Social Security income. Reducing your income can also help you qualify for the Enhanced Star property tax exemption, a lower capital gains tax rate, and other programs.

The other way to use your IRA for charitable gifts is to designate a charity, like the Sunshine Camp, as a beneficiary. The charity can be a full or partial beneficiary and would receive assets upon the donor's death. This can help reduce the value of your taxable estate and may also help taxable beneficiaries, such as family members who may be in higher tax brackets, avoid income tax on future required IRA distributions.

If income generation is important to you, there are ways to structure gifts to the Sunshine Camp while still receiving income on the value of the gift. There are number of options, such as different types of charitable remainder trusts and charitable gift annuities. The basic idea is that you designate dollars, or other appreciated assets, to the program. You receive income from these assets while you are alive, and the charity receives the remaining assets upon your passing. Given today's low interest rate environment and the uncertainty of the capital markets, these types of programs can be attractive to those with fixed incomes or lower risk tolerances.

Finally, legacy gifts may be made using life insurance policies. Often as people age, they find they don't need their older life insurance policies anymore. Rather than surrendering them, you may change the beneficiary to the Sunshine Camp. If these policies are fully paid up, there will be no further payments due. If not, relatively small monthly or annual premium payments can result in a significant future gift to the Sunshine Camp.

There are a lot of details and considerations to each of these strategies, and all of them should be discussed with your professional advisors before proceeding. However, planned giving can have significant tax benefits to the donor and a very meaningful impact on the future of our beloved Sunshine Camp. Please feel free to reach out to the Rotary office at 585-546-7435 x203 or [heather@rochesterrotary.org](mailto:heather@rochesterrotary.org) if you would like to discuss how you could help secure the future of the camp.

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