

A Guide to **GIFT PLANNING**

CEDARVILLE UNIVERSITY

CHARTERED 1887



GIFT PLANNING
CEDARVILLE UNIVERSITY



WHAT IS GIFT PLANNING?

- The integration of personal, financial, and estate planning goals with a lifetime or testamentary charitable giving
- An opportunity for charitable giving in circumstances that may not otherwise allow a donor to make a gift to Cedarville University

Cedarville University Gift Planning and Endowment advances Cedarville University by partnering with those who share our passion and invest their resources, time, and wisdom toward fulfilling the University’s mission.

Table of Contents

Bequest.....	2
Charitable Gift Annuities	3
Give It Twice Trust.....	4
Charitable Remainder Trust.....	5
Charitable Lead Trust.....	6
The William Gibson Society.....	7

BEQUEST

A bequest is a gift to charity at death. It is the simplest type of planned gift to make and one of the easiest to implement.

The Need

Many people desire to benefit Cedarville University but are unable to donate property while they are alive. For example, a donor may have property that is needed during his or her lifetime to cover living expenses or rising health care costs.

A Solution

A donor can retain ownership and use of property during his or her life and still benefit Cedarville University by leaving it to Cedarville at death.

The Benefits

- **Gift to Cedarville University** – Cedarville receives cash or property.
- **Estate Tax Deduction** – The amount given to Cedarville is not subject to federal estate tax.
- **Lifetime Flexibility** – The donor is able to use and control property while alive.
- **Membership in the William Gibson Society** – The donor receives recognition as one of Cedarville’s most valuable partners.

The Details

A donor can leave property to Cedarville University by including a bequest in his or her will or trust. Property that passes by a beneficiary designation (such as individual retirement accounts) can be left by designating Cedarville University as a beneficiary.

- **Specific Asset** – Many bequests transfer a specific item to a beneficiary. (“I give my car to Joshua.”)
- **Specific Amount** – Another common transfer within a will is the gift of a specific dollar amount. (“I give \$1,000 to Sarah.”)
- **Percent of the Residue** – A fractional amount or percentage of the residue may be transferred to Cedarville University. (“I give 50 percent of my estate to Amanda.”)
- **Undivided Percentage of Asset** – A testator may bequeath or devise an undivided percentage of a particular asset. (“I give half of my home to Brian.”)

To request a free guide on planning your will, contact Gift Planning and Endowment at 1-888-CEDARVILLE (233-2784) or visit cedarville.edu/giftlegacy.

CHARITABLE GIFT ANNUITIES

A gift annuity is an agreement where a donor makes a gift of cash or property and Cedarville University agrees to make fixed payments to the donor for life.

The Need

A donor wants to make a gift to Cedarville University but needs regular payments to supplement income.

A Solution

A donor and Cedarville University enter into a charitable gift annuity agreement.

The Benefits

- **Increase Your Income** – If you own low-performing CDs or other investments that are maturing, you might consider transferring them to cash and creating a higher-paying charitable gift annuity with Cedarville.
- **Receive a Charitable Deduction** – You will receive a charitable deduction now for the value of your future gift to Cedarville.
- **Receive Partially Tax-Free Income** – From the beginning, your partially tax-free payment is fixed for your and your spouse's lifetimes.
- **Avoid Capital Gains** – You may bypass capital gains tax when you give a gift of appreciated securities to fund a gift annuity. A portion of the income stream will be taxed at the lower capital gains rate, and another portion may be tax-free.
- **Membership in the William Gibson Society** – The donor receives recognition as one of Cedarville's most valuable partners.

The Details

A gift annuity is a contract between a donor and Cedarville University.

- **Duration** – A donor gives cash or appreciated property to Cedarville University. In exchange, Cedarville makes fixed payments for the lifetime of one or two individuals.
- **Payout Rate** – Gift annuity payments are based on a rate schedule. Cedarville University uses rates set by the American Council on Gift Annuities (ACGA). Under the ACGA's rates, the older the age of the person receiving gift annuity payments, the higher the rate.
- **Taxation of Payments** – A predetermined portion of each gift annuity payment is tax-free, and the remaining amount of each payment is taxable at ordinary tax rates.
- **Timing** – A gift annuity contract can begin making payments immediately (a current gift annuity) or defer payments for at least one year (a deferred gift annuity).

Note: In the state of Washington, a charitable gift annuity is created between an individual and The Cedarville University.

GIVE IT TWICE TRUST

A give it twice trust receives the IRA or property from a donor at time of the donor's passing, makes payments to heirs for up to twenty years, and distributes the remainder to Cedarville University.

The Need

A donor wants to make a gift to Cedarville while securing the future for their family and friends.

A Solution

A donor and Cedarville University enter into a Give It Twice Trust.

The Benefits

- **Flexibility With Your IRA** – The donor enjoys flexibility to use an IRA as needed during his or her lifetime.
- **Avoid or Lower Taxes** – The donor can take advantage of an estate charitable tax deduction while avoiding income tax.
- **Provide Income for Heirs** – The donor can provide income for his or her heirs with regularly scheduled payments.
- **Membership in the William Gibson Society** – The donor receives recognition as one of Cedarville's most valuable partners.

The Details

A donor transfers their IRA or appreciated property to the give it twice trust. The give it twice trust is a tax-exempt trust that can receive the full amount of the IRA exempt from taxes and/or sell any appreciated property without paying capital gains tax.

- **Duration** – A give it twice trust can benefit one or more beneficiaries and last for a specific term of years up to twenty years.
- **Payout** – A give it twice trust pays an amount equal to a percentage of the trust value at the beginning of each year.
- **Taxation of Payments** – A give it twice trust payouts to beneficiaries are taxed as either ordinary income and/or capital gain. Beneficiaries are able to spread their taxes over specific period of years, greatly reducing their income taxes associated with taking a "cash out" option of inherited IRAs.

CHARITABLE REMAINDER TRUST

A charitable remainder trust (CRT) receives cash or property from a donor; makes payments for a life, lifetimes, or term of years; and then distributes the remainder to Cedarville University.

The Need

A donor wants to turn appreciated property that produces little or no income into a productive asset without payment capital gains tax on the sale of the property.

A Solution

A donor contributes the appreciated property to a charitable remainder trust that will sell the property tax-free and then make payments for life for a term of years.

The Benefits

- **Bypassed Gain** – The trust sells property tax-free.
- **Increased Income** – The trust pays a percentage of its value to the trust beneficiary.
- **Charitable Tax Deduction** – The donor receives a current federal income tax deduction.
- **Membership in the William Gibson Society** – The donor receives recognition as one of Cedarville’s most valuable partners.

The Details

A donor transfers cash or appreciated property to the CRT. The CRT is a tax-exempt trust that can sell the appreciated property without paying capital gains tax.

- **Duration** – A CRT can last for the lifetime of one or more beneficiaries or for a specific term of years.
- **Annuity vs. Unitrust Payout** – A charitable remainder annuity trust (CRAT) pays a fixed dollar amount each year. By contrast, a charitable remainder unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.
- **Taxation of Payouts** – Most CRT payouts are taxed to the beneficiary as ordinary income and/or capital gain.
- **Payout Flexibility** – A unitrust offers four flexible payout options. A standard CRUT pays a fixed percentage of the trust value. A net income trust (NICRUT) pays the lesser of the trust’s net income or the standard amount. A net income with makeup trust (NIMCRUT) is like a NICRUT but can make additional distributions. Finally, a FLIP trust pays like a NIMCRUT until a certain date or event and then “flips” to pay like a standard CRUT.

CHARITABLE LEAD TRUST

A charitable lead trust (CLT) receives cash or property from a donor and makes payments to Cedarville University for a specified period. At the end of the period, it distributes the trust property to a specified beneficiary, usually family.

The Need

A donor wants to give a gift to Cedarville University for a period of time and pay as little gift or estate tax as possible.

A Solution

A donor contributes property to a trust that will make distributions to Cedarville University for a specified term and ultimately distribute the property to the donor's family or be returned to the donor.

The Benefits

- **Pass Appreciation to Family** – A donor gives property to a lead trust, and that property plus growth passes to his or her family with no additional tax.
- **Gift for Estate Tax Deduction** – A donor receives a current federal gift or estate tax deduction for the present value of the payments that will go on to Cedarville University.
- **Membership in the William Gibson Society** – The donor receives recognition as one of Cedarville's most valuable partners.

The Details

A donor transfers cash or property to the CLT. Unlike a CRT, a CLT is a taxable trust. Each year the CLT will report its income and then take a deduction for the amount that it distributes to Cedarville University. Any excess is subject to tax.

- **Duration** – A CLT can last for the lifetime of one or more beneficiaries or for a specific term of years.
- **Annuity vs. Unitrust Payout** – Each year a CLT pays either a fixed annuity amount or available unitrust amount to Cedarville University.
- **Lead Trust Types** – A family CLT receives property and usually distributes it to a family member at the end of the term. A gift tax deduction is available to a donor who creates a family CLT. A grantor CLT receives property that ultimately returns to the donor. The donor receives an income tax deduction when the trust is created. However, the donor must report trust income on his or her personal income tax return each year.

The William Gibson *Society*



We are grateful for those who have elevated Cedarville to “family status” by making the University an heir in their estate plans. If you are one of these special individuals, we invite you to join the William Gibson Society. As a member, you will enjoy the following benefits:

- Receive our exclusive William Gibson Society engraved rosewood desk pen set
- Join us for Gibson Society-sponsored events such as bus trips, dinner concerts, Reds games
- Attend the elegant Legacy Banquet held on campus each year at homecoming
- Receive the annual President’s Report to track how gifts are used for students and the University
- Create an enduring legacy that will both preserve Cedarville’s heritage and ensure its future for generations to come

How to Join

The following types of commitments qualify you for membership in the William Gibson Society:

- A bequest in your will or revocable trust
- A life-income gift naming Cedarville as a remainder beneficiary, such as a charitable remainder trust or a charitable gift annuity
- A charitable lead trust that provides income to Cedarville for a donor’s lifetime or a term of years
- A gift or assignment of qualified retirement plan assets, such as an IRA, 401(k), 403(b), or a gift of life insurance

Start your membership in the Gibson Society today!

Visit and complete the online application or contact a Gift Planning representative at 1-888-CEDARVILLE (233-2784) or giftplanning@cedarville.edu.

Contact Cedarville's gift planning professionals for a personal consultation



David Bartlett

Associate Vice President for Gift Planning
davidbartlett@cedarville.edu
937-766-7805



Matthew Pogirski

Associate Director of Gift Planning and Endowment
mattpogirski@cedarville.edu
937-766-8600

Visit cedarville.edu/giftlegacy to use our free online wills planner or to request our eNewsletter.



251 N Main St
Cedarville, Ohio 45314
1-888-CEDARVILLE (233-2784)



Located in southwest Ohio, Cedarville University attracts 3,400 undergraduate, graduate, and online students to more than 100 areas of study. Cedarville is a Christ-centered learning community recognized nationally for rigorous academic programs, strong graduation and retention rates, accredited professional and health science offerings, and leading student satisfaction ratings.



CEDARVILLE
UNIVERSITY.

1-888-CEDARVILLE (233-2784)

cedarville.edu/giftlegacy