

**There is
“A Better Choice”**

PLANNED GIVING

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CHARITABLE GIVING

BEST TYPE OF GIFT

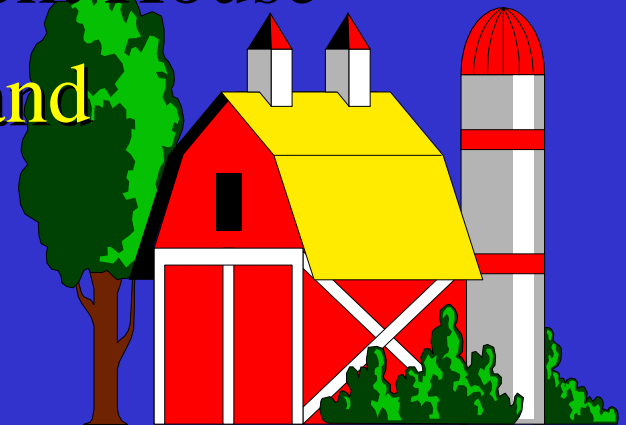
- Appreciated Property
- Real Property
- Stocks
- IRS's



Home

Apartment House

Farm Land



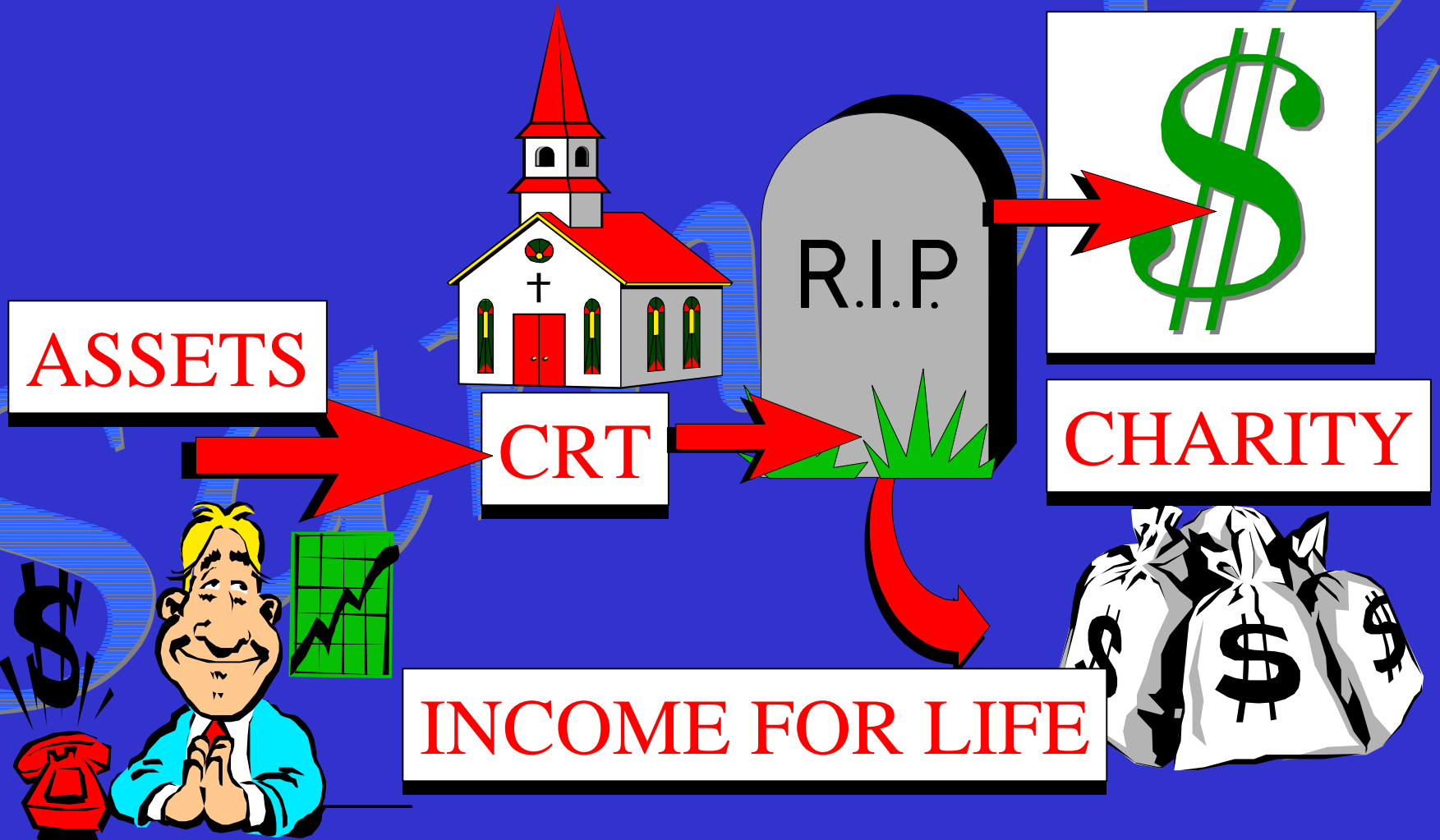
CHARITABLE REMAINDER TRUSTS

Very Attractive Tax Benefits



Significantly reduces:
Current Income Taxes
and Estate Taxes

HOW DO CHARITABLE REMAINDER TRUSTS WORK



ELLEN, AGE 65 BEFORE TRUST

- 1. OWNS \$200,000 PROPERTY**
- 2. BOUGHT (1950) FOR \$20,000**
- 3. NEED MORE INCOME**
- 4. SELL PROPERTY**

ELLEN, AGE 65 BEFORE TRUST

5. SUBJECT TO CAPITAL GAIN

$$\$200,000 - \$20,000 = \$180,000$$

6. INCOME TAX RATE

$$\text{FEDERAL } 20\% + \text{STATE } 5\% = 25\% \text{ TAX}$$

7. PAY CAPITAL GAINS TAX

$$\$180,000 \times 25\% = \$45,000$$

ELLEN, AGE 65 BEFORE TRUST

8. AMOUNT LEFT TO INVEST
 $\$200,000 - \$45,000 = \$155,000$
9. INVEST REMAINDER AT 7%
 $\$155,000 \times 7\% = \$10,850/\text{YEAR}$
10. AT DEATH PAY 37% TAX
 $\$155,000 \times 37\% = \$57,350$

ELLEN, AGE 65 BEFORE TRUST

11.	AMOUNT OF TOTAL TAXES	
	CAPITAL GAINS INCOME TAX	\$ 45,000
	ESTATE TAXES	<u>57,350</u>
	TOTAL TAX	\$102,350

12. AMOUNT LEFT TO HEIRS

\$200,000 - \$102,350 = \$ 97,650

ELLEN, AGE 65 SUMMARY

WITHOUT A TRUST

\$102,350 - 51%

TO GOV'T

\$97,650 - 49%

TO HEIRS

ELLEN, AGE 65 MAKES “A BETTER CHOICE”

- 1. DECIDES TO HAVE A TRUST**
- 2. ELLEN CHOOSES CHARITY**
- 3. SETS UP CRT (CHARITABLE REMAINDER TRUST)**
- 4. ELLEN BECOMES TRUSTEE**

**ELLEN, AGE 65
WITH TRUST**

**5. TRANSFERS \$200,000
PROPERTY TO TRUST**

ELLEN, AGE 65 WITH TRUST

6. IRS GIVES ELLEN INCOME TAX DEDUCTION

- A. TAX DEDUCTION BASED ON AGE,
GIFT AMOUNT, TAX TABLE**
- B. AT AGE 65 - ABOUT 25% OF GIFT
MORE IF OLDER; LESS IF YOUNGER**
- C. USE TAX BENEFITS OVER 6 YEARS**
- D. IN THIS EXAMPLE - 25% = \$50,000**

IRS WANT YOU TO DO THIS

ELLEN, AGE 65 WITH TRUST

**7. TRUSTEE (ELLEN)
SELLS PROPERTY**

TAX FREE

*(WITHOUT TRUST \$45,000
CAPITAL GAINS INCOME TAX)*

ELLEN, AGE 65 WITH TRUST

MORE INCOME

8. AMOUNT LEFT TO INVEST \$200,000
(WITHOUT TRUST ONLY \$155,000)

9. INVEST @ 7% WITH FIXED ANNUITY
 $\$200,000 \times 7\% = \$14,000$ YEAR
(WITHOUT TRUST ONLY \$10,850)

ELLEN, AGE 65 WITH TRUST

**Lifetime Income
\$350,000**

Assuming She Lives 25 More Years

Without Trust She May Not Have
Sold Property Because of Tax Burden

**ELLEN, AGE 65
WITH TRUST**

**AMOUNT OF
TAXES PAID**

0

(BEFORE - \$102,350)

CHARITABLE REMAINDER TRUST

Ask Your Heirs:

Do They Want
Taxable Property or
Tax Free Cash?



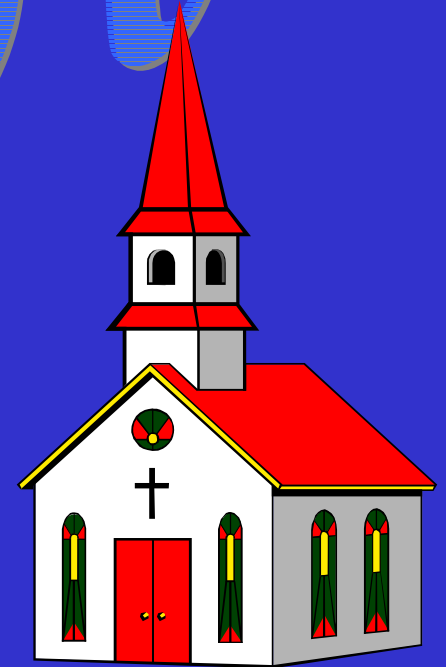
**REPLACE ASSET TAX FREE
SPONSORED BY
THE GOVERNMENT**

**BUY LIFE INSURANCE WITH
TAX SAVING DOLLARS
TO REPLACE THE
CHARITABLE GIFT FOR YOUR HEIRS**

LIFE INSURANCE



YOUR ASSETS GO TO YOUR FAVORITE CHARITY AND YOUR HEIRS





Sample

**NOT
TO THE
GOVERNMENT**

ELLEN, AGE 65 WITH TRUST

**AT HER DEATH
TRUST ASSETS
GO TO CHARITY**

**NO ESTATE TAX
(WITHOUT TRUST
\$57,350 TAXES)**