

[Needs editing]

## Charitable bequests provide a way to continue a lifetime of giving

By Tom McGirr

Many of you make annual gifts to one or more local charities. Your generosity is critical to helping these organizations accomplish their mission, whether it be helping feed the hungry, protecting battered women, providing educational scholarships, safeguarding the environment, assisting Hospice, the Humane Society, or any number of worthy causes.

However, when donors pass away, often those charitable gifts cease. Unfortunately, the need does not. That is one reason why local charities are constantly seeking new donors to carry out their missions.

How can you make a *lasting* impact on the issues that concern you the most? I suggest you consider making a charitable bequest to your favorite charity's *foundation* in your will or living trust. A modest bequest of cash, stock, or real estate to your charity's foundation at death is a wonderful way to continue your generous support and make a huge difference over time.

Your gift is professionally managed by the foundation to insure your gift continues to grow in value. *Every* year, a percentage (usually 5%) of the principal allocated to your gift is paid from the foundation to your charity to help fund its mission. The balance of the earnings is reinvested by the foundation, helping it to grow, allowing for increasing gifts in future years.

Below are a few examples of how a bequest can grow over time to provide an increasing annual distribution to your favorite charity:

<u>Bequest</u>	<u>1<sup>st</sup> yr.</u>	<u>10<sup>th</sup> year*</u>	<u>20<sup>th</sup> year*</u>	<u>40<sup>th</sup> year*</u>	<u>Cumulative benefit</u>
\$10,000	\$500	\$590	\$711	\$1,031	\$29,387
\$25,000	\$1,058	\$1,477	\$1,778	\$2,578	\$73,468
\$50,000	\$2,500	\$2,954	\$3,557	\$5,516	\$146,937
\$100,000	\$5,000	\$5,909	\$7,114	\$10,312	\$293,874

\* Assumes 5% annual payout and an average net investment return of 7%

Making a bequest to your charity's foundation is very easy. All you need to do is have your attorney make a simple amendment to your will or trust that designates your desired gift. Many charities will allow you to designate how your annual distributions are spent by the charity, i.e.: general funds or specific programs within the charity. If considering such a limitation, it is important to consult with the charity in advance to insure the charity can accommodate the request.

What if your local charity is too small to have an effective foundation? Consider making your gift to a community foundation, such as the Oregon Community Foundation (OCF). The foundation will manage your gift and make the annual grants to your charity of choice, provided it meets the IRS requirements to qualify as a tax-exempt

organization. The OCF currently requires a minimum \$50,000 donation to establish a separate fund.

An excellent way to foster a sense of philanthropy among your family members is to establish a donor advised fund with your charity. Designated family members serve as advisors to the charity and provide input as to which programs are to be supported within the charity. If a donor advised fund is established with a *community* foundation, the family can help determine how much will be given and which charities will receive distributions from your fund each year.

Other ways to make a bequest at death include naming your charity's foundation as a beneficiary on a life insurance policy, IRA or certificate of deposit. You might also want to consider lifetime gift options including charitable remainder trusts which can provide you a lifetime income, estate and income tax benefits and benefit your favorite charity upon your death.

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