

# *Cornerstone Society*

**Central Oklahoma Habitat's "Cornerstone Society" is made up of individuals who are extending their charitable giving to Central Oklahoma Habitat for Humanity beyond their own lifetime through a planned or deferred gift. If you plan to include Central Oklahoma Habitat for Humanity in your will, please share your intentions with us so that we may properly thank you. If you or your attorney have any questions please call (405) 232-4828.**

**Planned gifts will help to ensure the future of Central Oklahoma Habitat's mission while providing both immediate and future benefits to donors. Benefits may include:**

- \* reductions to current income tax**
- \* reduced capital gains tax**
- \* reduced estate tax**
- \* increased cash flow**
- \* opportunity to maximize inheritance to heirs**

## **Legacy gifts include:**

### ***Wills and Bequests***

Inclusion of Central Oklahoma Habitat for Humanity in a donor's will benefits the donor's heirs with tax savings and allows the donor's charitable interests to continue to be supported, a living symbol of the donor's care and concern for the working poor in our community. The gift given to ensure that simple, decent, affordable housing is always available for hardworking, deserving limited income families will recycle over and over as families pay back the cost of their homes, at no interest, with an affordable mortgage payment.

### ***Retirement Plan Assets (IRAs)***

Retirement plan assets can be one of the most favorable assets to donate to charity because the assets are subject to a two-tier tax upon the owner's death. Retirement plan assets are subject not only to estate taxes, but also income taxes. This two-tier tax structure can subject retirement plan assets to tax rates as high as 80 percent. Given the high tax structure, donors can use their retirement plan assets to maximize their charitable contributions with a small cost to their heirs. Please speak with

your estate planning attorney for more information as to how this type of charitable giving might benefit you.

### ***Real Estate/Retained Life Estates***

Real estate that is appreciated above its cost basis can offer donors wonderful opportunities for mutually beneficial gift arrangements. It can, of course, be simply bequeathed in a will. Or, it can be gifted to Central Oklahoma Habitat during one's lifetime in what is called a retained life estate, by which the donor retains the right to occupy the premises during his or her lifetime while receiving a current tax benefit for the discounted remainder value. Only after the donor's lifetime does possession of the real estate being gifted pass to the charitable recipient.

The value of a gift of real estate is typically determined by appraisal. If appreciated, capital gain taxes may be avoided on the real estate appreciation by donating the property to Central Oklahoma Habitat, maximizing charitable contributions, while yet preserving liquid assets for the donor's living expenses and/or benefit to heirs.

### ***Oil and Gas Interests and Royalty Interests***

Charitable gifts can be made of both oil and gas working interests and royalty interests. This type of contribution is another which may allow the donor to preserve liquid assets while maximizing charitable contributions.

### ***Charitable Trusts***

Your estate planning attorney can assist you with gifts by which you retain income from the charitable gifts. With this technique, a donor may contribute the asset(s), yet continue to receive income from the asset(s) for his or her lifetime. This can be done with a charitable gift annuity or a charitable remainder trust.

#### ***Charitable Remainder Trusts***

A charitable remainder annuity trust (CRAT) is a popular type of life-income plan. Cash, securities, real property, or other assets are transferred into a trust. The trustee manages the trust assets and pays you or others you choose a fixed income for life or for a term of years.

When the trust terminates, the remaining assets in the trust are transferred to the specified charity.

#### Lead Trusts

Charitable lead trusts (CLT) are often viewed as the opposite of charitable remainder trusts. A donor transfers property to the lead trust, which pays a percentage of the value of the trust assets, usually for a term of years, to the specified charity. At the end of the trust term, the remaining assets in the trust and any growth it has realized are passed to the donor's heirs. Although there is no income tax deduction when you create a charitable lead trust, gift or estate tax is greatly discounted and any growth is passed to heirs gift and estate tax free. It is one of the only transfer devices currently used that can discount the value of the original assets and result in little or no tax while achieving philanthropic goals.

#### Charitable Gift Annuities

A charitable gift annuity (CGA) is often a gift of choice when a guaranteed income is desired. A gift of cash or securities is placed in trust in exchange for a contractual life income paid monthly or quarterly. The income is guaranteed by the issuing charity. A portion of the gift is invested and used to provide income for life, and the remaining portion qualifies as a present-interest gift to the charity. Part of the annuity income may be received tax free. Any capital gains taxes due on the asset that was exchanged for the annuity are paid over the annuitant's life expectancy.

#### Life Insurance Beneficiary Designations

Life insurance can be an effective means for a donor to fund his charitable giving plan without significant outlays of cash. There are many types of life insurance policies and payment plans. Most policy types can be charitably gifted, and can be an ideal means by which to involve and initiate family philanthropy.