

# A Guide to Giving for Evergreen Foundation, Inc.

*supporting organization for*



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*This guide is to be used as a resource. It is not intended to give legal or tax advice.  
If any of these topics interest you, we advise that you seek your own legal or  
financial advisors in planning any financial gift.*

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# A GUIDE TO GIVING

## **INTRODUCTION**

The Evergreen Foundation exists to solicit and receive gifts in support of the mission and ministry of Evergreen Presbyterian Ministries, Inc. The Foundation began in 1970, to explore funding of financial gifts on behalf of the current needs and planned gifts designated for future ministry. Your gifts support Evergreen's ministry and ensure the growth of its mission of helping people with disabilities build better lives.

The tax laws in the United States encourage charitable giving. Certain tax laws allow deductions for charitable gifts which help the donor avoid certain capital gains and estate taxes. Planned gift arrangements provide the combined benefit of income incentives and tax advantages to the donor. These plans are described in the following pages.

## **GIFTS OF CASH**

Outright gifts of undesignated cash represent a vital important source of financial support to Evergreen Foundation; they are simple to make and to receive. These gifts offer the donor a tax deduction equal to the full value of the gift, as long as charitable deductions do not exceed fifty percent of the adjusted gross income in the year of the contribution. Any unused deduction may be carried over to the next five tax years.

Evergreen is sincerely appreciative of all donations of cash to its ministry.

## **GIFTS OF REAL ESTATE AND APPRECIATED SECURITIES**

A charitable gift of property such as: residential, recreational, rental, oil and gas royalties, or commercial property can offer significant income and tax advantages to the donor.

Many of Evergreen Foundation's donors choose to make gifts of appreciated securities rather than cash because they may avoid paying taxes on the capital gain. For income tax purposes, the value of your gift may be deducted up to thirty percent of your adjusted gross income. Any excess may be carried forward for tax purposes up to five additional years.

Past Legislation treats a gift of appreciated property to a charity as a tax preference item which may, in some instances, make a donor subject to the Alternative Minimum Tax.

## **GIFTS OF LIFE INSURANCE**

Life insurance proceeds provide another excellent means of making a charitable gift to the Evergreen Foundation.

## **MEMORIAL GIFTS**

Establishing an endowed fund in the name of the donor or to honor the life or memory of a loved one may be done so through any Life Income Plan. In this way, the planned gift will continue to honor the person memorialized for generations to come.

## **LIFE INCOME PLANS**

### **WHAT IS A LIFE INCOME PLAN?**

A Life Income Plan is a financial and philanthropic arrangement whereby a gift to the Evergreen Foundation of cash, securities, or other property continues to provide an income for life to the donor and/or another person whom the donor may designate. After the lifetime of the income beneficiaries, the gift passes permanently to the Evergreen Foundation.

### **WHAT DOES A LIFE INCOME PLAN OFFER YOU?**

There are numerous benefits to this plan. Some of the benefits are as follows:

- The joy of providing a significant gift to advance the mission of Evergreen Presbyterian Ministries through the Evergreen Foundation.
- A life income which may be larger than the income previously produced by the donated assets.
- A substantial income tax charitable deduction.
- Possible avoidance of capital gains tax on any appreciation in the value of the donated asset.
- Possible tax savings on the income you receive.
- Estate tax savings (if applicable).
- No financial management worries or responsibilities.
- An opportunity to honor a cherished relative or friend through establishing a memorial fund.

### **WHAT DOES A LIFE INCOME PLAN OFFER EVERGREEN FOUNDATION?**

After the lifetimes of income beneficiaries and all payments have been completed, the remaining assets attributable to the gift are added to the portfolio of the Evergreen Foundation. These become a vital income source in perpetuity for the mission of Evergreen Presbyterian Ministries.

## **TYPES OF FUNDING FOR LIFE INCOME PLANS**

Any of the assets listed below may be donated to the Evergreen Foundation to underwrite current projects or to fund a “Life Income Plan.” Following are examples of how a gift/investment can be mutually beneficial to you and to Evergreen.

### **A SALE AND UNITRUST**

This type of gift arrangement involves the combination of a sale of a portion of an asset and the funding of a Charitable Remainder Unitrust with the balance of the asset. The combination sale and gift is excellent for converting highly appreciated low yield property into both an attractive income and investment asset with little or no capital gains tax.

### **CHARITABLE REMAINDER UNITRUST**

A Charitable Remainder Unitrust is a trust created by a donor and managed by a trustee appointed by the donor. Each trust has a separate portfolio and is individually managed by a trustee. As determined by the donor, the income generated by the trust is paid to one or more beneficiaries for as long as they live or for a specific number of years, not exceeding twenty. After the lifetime of the beneficiaries, the trust’s assets will pass onto the Evergreen Foundation.

The payment of the trust is specified by the donor at the time of the gift and is based on the fair market value of the assets as determined annually. This provides for a variable amount of income. The donor should realize that a high rate inhibits growth of principal, offers less protection against inflation and reduces the charitable deduction.

If the Unitrust is invested with cash, it is permissible for the trustee to invest the cash proceeds in tax exempt securities, which pay tax exempt income to the beneficiary. This feature is often attractive to donors in a high tax bracket.

The income tax charitable deduction to which the donor is entitled is based upon the trust’s stated percentage payout rate and at the age of the beneficiary. There is no capital gains tax on long-term securities or assets used to fund a Unitrust.

An importation variation of the Charitable Remainder Unitrust permits the trustee to accept assets such as real estate into a trust. This is known as an “income only” Unitrust and it provides the trustee with sufficient time to dispose of the property and to reinvest in income-producing assets.

A minimum amount of dollars is required to establish a Unitrust that varies by administrator, starting at \$25,000. It offers an opportunity to set a level of income payment and provide for an investment flexibility that enables the donor to increase income sustainability over what the

donated assets are currently earning. Additional property and money can be added to it after it has been created.

### **CHARITABLE GIFT ANNUITY AND DEFERRED PAYMENT GIFT ANNUITY**

A charitable gift annuity is a Life Income Agreement designed for the older person who wishes a guaranteed dollar return.

A Charitable Gift Annuity is an agreement under which the donor irrevocably transfers cash, securities, or other assets to the gift administrator, for the benefit of Evergreen Presbyterian Ministries. In return, payments are made to one or two annuitants for as long as they live. The annuitants may include you, your spouse, a family member, or a friend. The minimum amount for a gift annuity at Evergreen is \$2,000.

A Charitable Gift Annuity is a combination “Gift” and “Investment.” The amount of the yearly payment is computed by the administrator at the time of the gift. Determining factors are the age and number of annuitants. Note: If the donated asset is in the form of long-term appreciated securities, part of the annual payment may be taxable at the capital gains rate.

### **WHAT DOES A CHARITABLE GIFT ANNUITY OFFER?**

Some of the benefits of a charitable gift annuity are as follows:

#### **Satisfaction**

You are assured the lifetime joy of helping enlarge and strengthen the work and ministry of Evergreen Presbyterian Ministries through the Evergreen Foundation.

#### **Guaranteed Life Income**

You receive an attractive income guaranteed for life at the annual rate ranging from 6% to 9.5% (subject to change), depending on your age and value of the principal provided.

#### **Tax Advantages**

You will receive substantial tax benefits including income, tax deductions, tax-free income, capital gains savings and no estate tax – all depending on the asset donated and your circumstances.

#### **Safety**

You are freed from burdensome investment decisions while being provided with maximum safety.

#### **Flexibility**

Your gift annuity may be created with cash, securities, real or other property and may be specified for any amount.

## Your Legacy

The principal that remains after death is a gift to Evergreen Foundation and leaves a legacy of helping others that lasts for generations.

A charitable gift annuity can be shaped to meet your needs. Most commonly, it appeals to donors able to make gifts of \$2,000 or more, who wish to ultimately help the Evergreen Foundation while receiving a guaranteed life income with certain beneficial tax considerations. If you have a high current income and could benefit from a tax deduction now, you may wish to consider a deferred payment charitable gift annuity. Your annuity payments can be “deferred” until your retirement years when you will presumably be in a lower tax bracket, or a date of your choosing.

### **CHARITABLE REMAINDER ANNUITY TRUST**

A Charitable Remainder Annuity Trust is a trust created by the donor and managed by a trustee appointed by the donor. It pays a beneficiary a fixed amount each year as determined by the donor and trustee. A Unitrust and Annuity Trust are structured very much alike, with minor differences.

Like the Unitrust, the Annuity Trust offers individual trust management while providing a favorable life income to the beneficiaries, along with the beneficial tax consequences. The chief difference between a Unitrust and an Annuity Trust is that once the payment rate of the Annuity Trust has been specified (5% or more of the donated asset) the actual dollar amount is fixed and will be paid annually for the life of the trust, regardless of whether the principal appreciates or declines in value. A second difference is that no additional contributions may be made to the Annuity Trust. In all other aspects, an Annuity Trust is structured like a Unitrust.

An important advantage of an Annuity Trust is that you will receive a predictable income each year regardless of the fluctuation in the trust investments or their earnings. An Annuity Trust can be managed to make optimum use of the donated asset. It is especially useful when the donor wants to receive a substantial income tax deduction at the time of establishing the Annuity Trust and is interested in receiving a *fixed* income for life.

### **CHARITABLE LEAD TRUST**

The Charitable Lead Trust is a method used by a donor in a high gift and estate tax bracket to transfer assets to one’s heirs in an advantageous manner, while contributing to the support of Evergreen Presbyterian Ministries during the course of one’s lifetime.

The Lead Trust pays a fixed annual percentage or dollar amount to Evergreen Foundation for the duration of the trust. When the trust terminates, the principal is transferred to the Trust beneficiaries.

A Charitable Lead Trust places the interest of the Evergreen Foundation in the lead or before the designated family members who will ultimately benefit from the assets of the Lead Trust. It can significantly reduce or in some cases eliminate high federal gift and estate taxes, thus providing a more generous legacy to one's heirs.

Charitable Lead Trusts are being created in large numbers in America today by donors who have accumulated assets and have expressed interest in particular charitable organizations. A minimum gift of \$50,000 is needed to establish a Lead Trust.

This may be an effective way to carry out your philanthropic objectives in supporting Evergreen Presbyterian Ministries while making provisions for your family.

### **WHO ADMINISTERS LIFE INCOME PLANS FOR EVERGREEN FOUNDATION?**

The donor will select a trustee. There are options, such as, the trust department of your local bank or your investment consultant, who manages your retirement funds and investments. The Texas Presbyterian Foundation ([www.tpf.org](http://www.tpf.org)) can also serve as a trustee. Their primary function is to encourage the making of bequests and to competently supervise the administration of life income gifts.

## **BEQUEST**

### **CONSIDER A BEQUEST TO EVERGREEN FOUNDATION**

A request in your will can express your desire to perpetuate your support for Evergreen Presbyterian Ministries for generations to come.

For some donors, a bequest is the most realistic way of contributing to the Evergreen Foundation. A bequest is not subject to federal estate tax. A bequest can reduce the size of the taxable portion of an estate and the size of the federal tax liability.

If you are preparing your first will or are in the process of revising your will, please consider including a bequest to the Evergreen Foundation as a means of continuing your support and influence beyond your lifetime.

### **TYPES OF BEQUEST**

#### **DESIGNATED BEQUEST**

A Designated Bequest is a means of specifying that the principal and/or income of your bequest be used for a particular purpose.

#### **CONTINGENT BEQUEST**

A Contingent Bequest would provide a means of distributing a part of your estate if beneficiaries you have named do not survive you.

#### **RESIDUARY BEQUEST**

A Residuary Bequest could make provisions for the distribution of the residue of your estate after all bequests have been made.

#### **LIFE INCOME BEQUEST**

A Life Income Bequest would enable you to establish a trust fund through your will which would pay a life income to your spouse. After his or her life, the principal of the Trust Fund would be given to the Evergreen Foundation.