



**Estates, Taxes & the Greater Good—
What Your Donors Really Want!**

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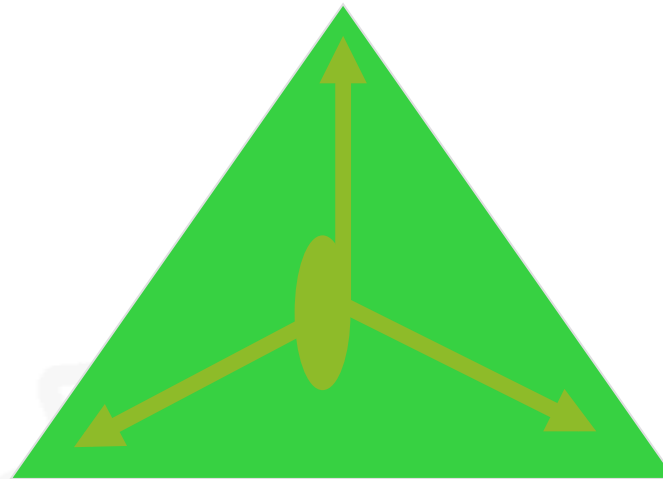
This presentation explores seven life situations of donors, which indicate lifetime gift potential. We review the type of gifts they make along with strategies to secure a donation

Agenda:

- 1. Discover key characteristics of supporters who make gifts from net worth.**
- 2. Review factors, predictors & activities from interviews of 25 couples (we cover only 10 today).**
- 3. Provide you with tools to uncover your hidden prospects.**
- 4. Learn how to approach planned giving with communication techniques to ensure transformational gifts.**

Strategic Giving

Annual



Capital

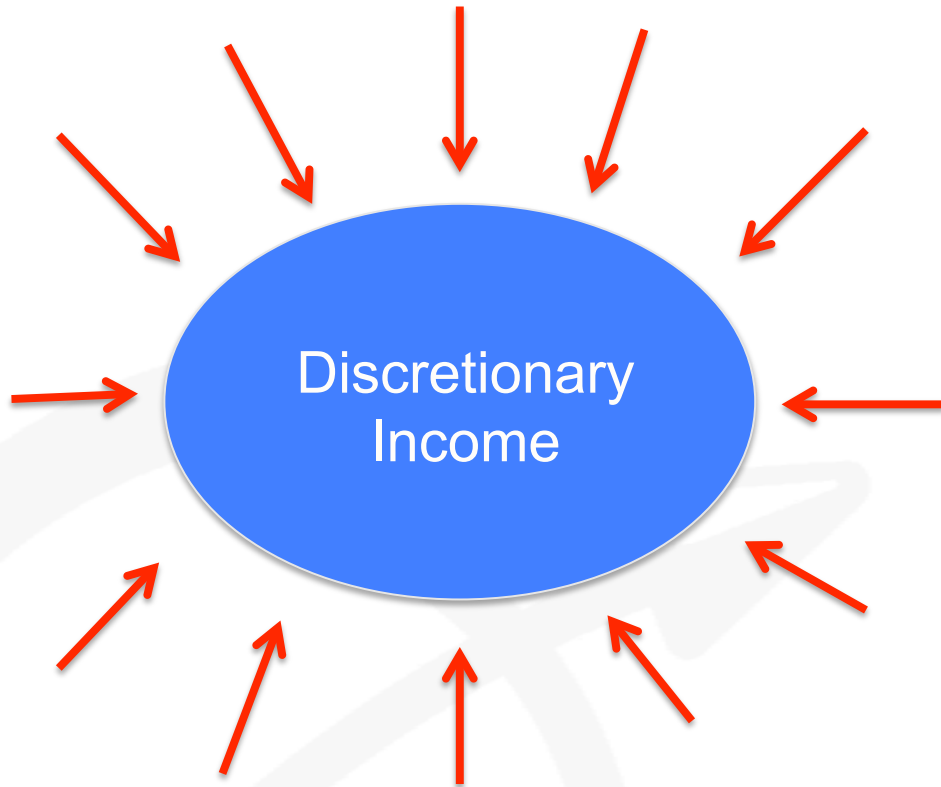
Planned

Types of Donors

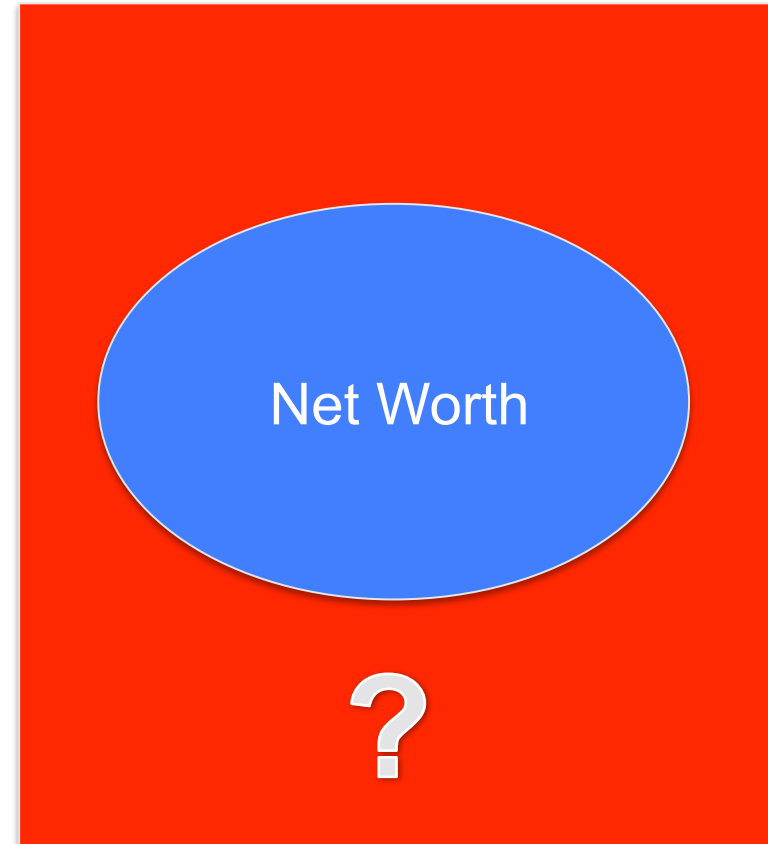
- **About 70% Give Out Of Habit**
- **About 23% Give Based On Emotion**
- **About 7% Are Strategic Donors**

Where are we Looking for Gifts?

Annual



Planned



Three Questions...

...that must be answered
for and by Strategic
Donors!!

1—My Needs

***Do I have enough to live
on for the rest of my life?***

2—Heirs' Needs

***How much should
I leave my heirs?***

2—Heirs' Needs

Inheritance ? How Much & When?

Estate	DATE ? 2048
PAY TO THE ORDER OF <u>Heirs</u>	\$ <input type="text"/> \$
FIRST NATIONAL BANK	<u>Executor</u>
⑆00 2000 6610 79011 98407811⑈ 2121	

3—Social Capital

Would I rather my executor or trustee write a check from my estate to the IRS or to my favorite charities?

The Seven Life Situations

1. **Singles without children**
2. **Couples without children**
3. **Singles with successful children**
4. **Couples with successful children**
5. **Individuals who are fearful to leave a large inheritance to their children**
6. **Individuals who believe that their children do not need a large inheritance**
7. **Individuals who built their wealth in unrealized income assets**

Related Factors

- **Age – WW II generation**
- **What do they believe?**
 - **Values**
 - **Attitudes**
 - **Interests**
 - **Lifestyle**
- **Relationship to NPO**
- **Patterns of giving**
- **Giving History**

A. Total Wealth



Self Directed



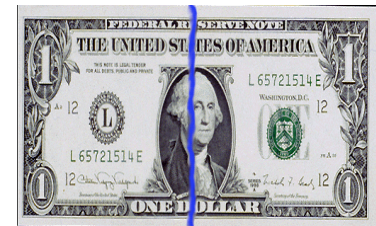
**Charitable
Gifts**

**Financial
Independence**

**Inheritance
for Heirs**



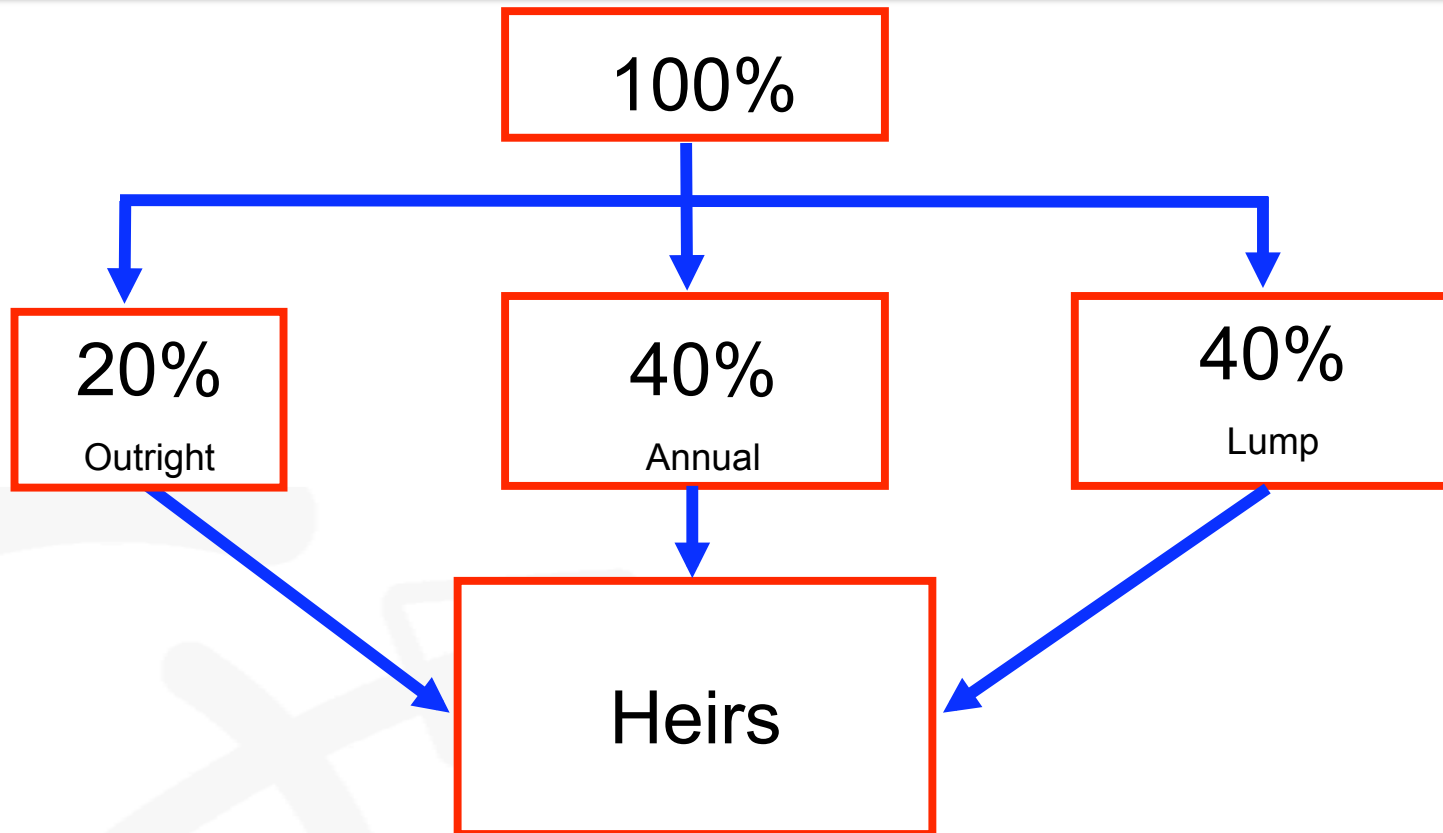
**Government
Directed**



Questions

- Do the majority of planning clients list philanthropy as the major objective of estate planning?
- Are most parents concerned about giving all of their estate outright to heirs?
- Are trusts excellent tools for asset protection for heirs?
- Would planning clients rather give to the IRS or local charities?

Trends



Setting the contrast

\$625,000 Estate - \$300,000 in IRA	Before Plan	After Plan
At Death of First Spouse		
Heirs Receive	\$0	\$0
At Death of Second Spouse		
Income Tax Owed on IRA	\$90,000	\$0
Heirs Receive		
From Will of Second Spouse	325,000	325,000
From IRA	210,000	0
Total at Second Spouse	\$535,000	\$325,000
20 Year, 7% CRUT (\$300,000)		
Charities Receive	\$0	\$350,000
Heirs Receive for 20 Years	\$0	\$21,000
Total Heirs Receive (Estimate)	\$0	\$450,000
TOTAL RECEIVED		
Government	\$90,000	\$0
Charities	\$0	\$350,000
Heirs	\$535,000	\$775,000

Planned gifts are often one of the results of Charitable Estate Planning!



Flashback to Chemistry Class

Periodic Table of Elements

1	IA	1	H	IIA	2	He	0																														
2		3	Li	4	Be	5	B	6	C	7	N	8	O	9	F	10	Ne																				
3		11	Na	12	Mg	13	Al	14	Si	15	P	16	S	17	Cl	18	Ar																				
4		19	K	20	Ca	21	Sc	22	Ti	23	V	24	Cr	25	Mn	26	Fe	27	Co	28	Ni	29	Cu	30	Zn	31	Ga	32	Ge	33	As	34	Se	35	Br	36	Kr
5		37	Rb	38	Sr	39	Y	40	Zr	41	Nb	42	Mo	43	Tc	44	Ru	45	Rh	46	Pd	47	Ag	48	Cd	49	In	50	Sn	51	Sb	52	Te	53	I	54	Xe
6		55	Cs	56	Ba	57	*La	72	Hf	73	Ta	74	W	75	Re	76	Os	77	Ir	78	Pt	79	Au	80	Hg	81	Tl	82	Pb	83	Bi	84	Po	85	At	86	Rn
7		87	Fr	88	Ra	89	+Ac	104	Rf	105	Ha	106	106	107	107	108	108	109	109	110	110																

* Lanthanide Series
+ Actinide Series

58	59	60	61	62	63	64	65	66	67	68	69	70	71
Ce	Pr	Nd	Pm	Sm	Eu	Gd	Tb	Dy	Ho	Er	Tm	Yb	Lu
90	91	92	93	94	95	96	97	98	99	100	101	102	103
Th	Pa	U	Np	Pu	Am	Cm	Bk	Cf	Es	Fm	Md	No	Lr

Legend - click to find out more...

- H - gas
- Li - solid
- Br - liquid
- Tc - synthetic
- Non-Metals
- Transition Metals
- Rare Earth Metals
- Halogens
- Alkali Metals
- Alkali Earth Metals
- Other Metals
- Inert Elements

An Estate Planner's Version

THE PERIODIC TABLE OF ESTATE PLANNING ELEMENTS™

We use this table to help in discussions with you and the planning team as to which tools should be considered from among the wide universe of available strategies and programs.

Charitable Remainder Uni-Trust	Charitable Remainder Annuity Trust	LLC/CRTs	Rent To Own	Grantor Retained Annuity Trust	ILIT	Offshore Captive Planning
TCLAT	Gift Annuity	Frozen TCLAT	Life Settlements	Sale for Installment Note	Family LP and LLC	QPRTs
Charitable Life Estate	NIMCRUT	Long Term Care Insurance	Pet Trusts	Gifting	Asset Protection	Leveraged Roth Conversion
Private Foundations	FLIPCRUT	Art and Collectibles Planning	Family Bank	Annuity Withdrawal	Intra Family Loans	ESOP Planning
Family Charity Plan	CLUT	Revocable Living Trusts, DPAs	Crummey Powers	Dynasty Trust	Corporate Recapitalization	412(i)
Supporting Organizations	CLAT	Preferred LPs	Jurisdictional Trusts	Premium Finance	SCIN	IRA Maximizer
Bargain Sales	Donor Advised Funds	Life Insurance	Succession Planning	Buy-Sell Agreements	GDOT	Qualified Plan Limited Partnership

■ Charitable Planning Tools

■ Personal Planning Tools

■ Qualified Planning Tools

What Your Donors Think They Have



What the County Assessor Thinks



What the IRS & Heirs Think



Our Job to Help Them Avoid This

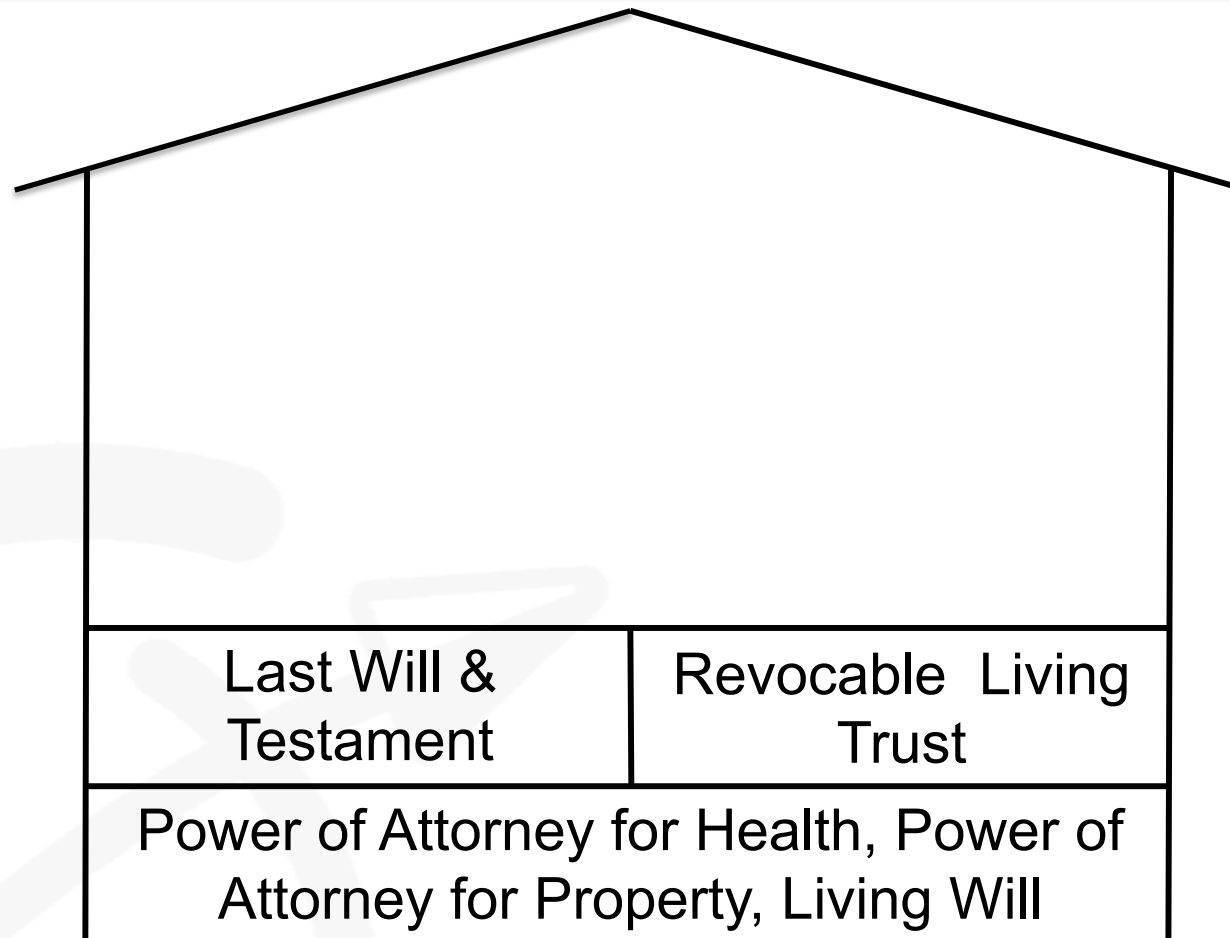


The Foundation — Advance Directives

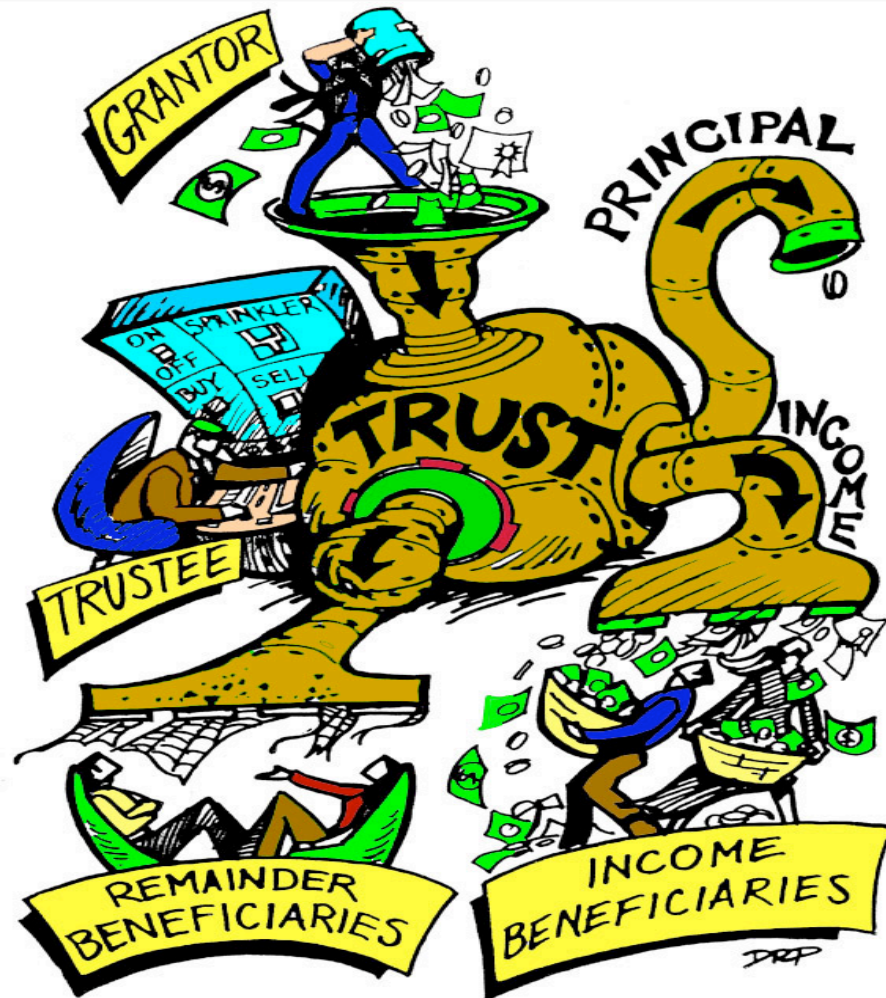


Power of Attorney for Health, Power of
Attorney for Property, Living Will

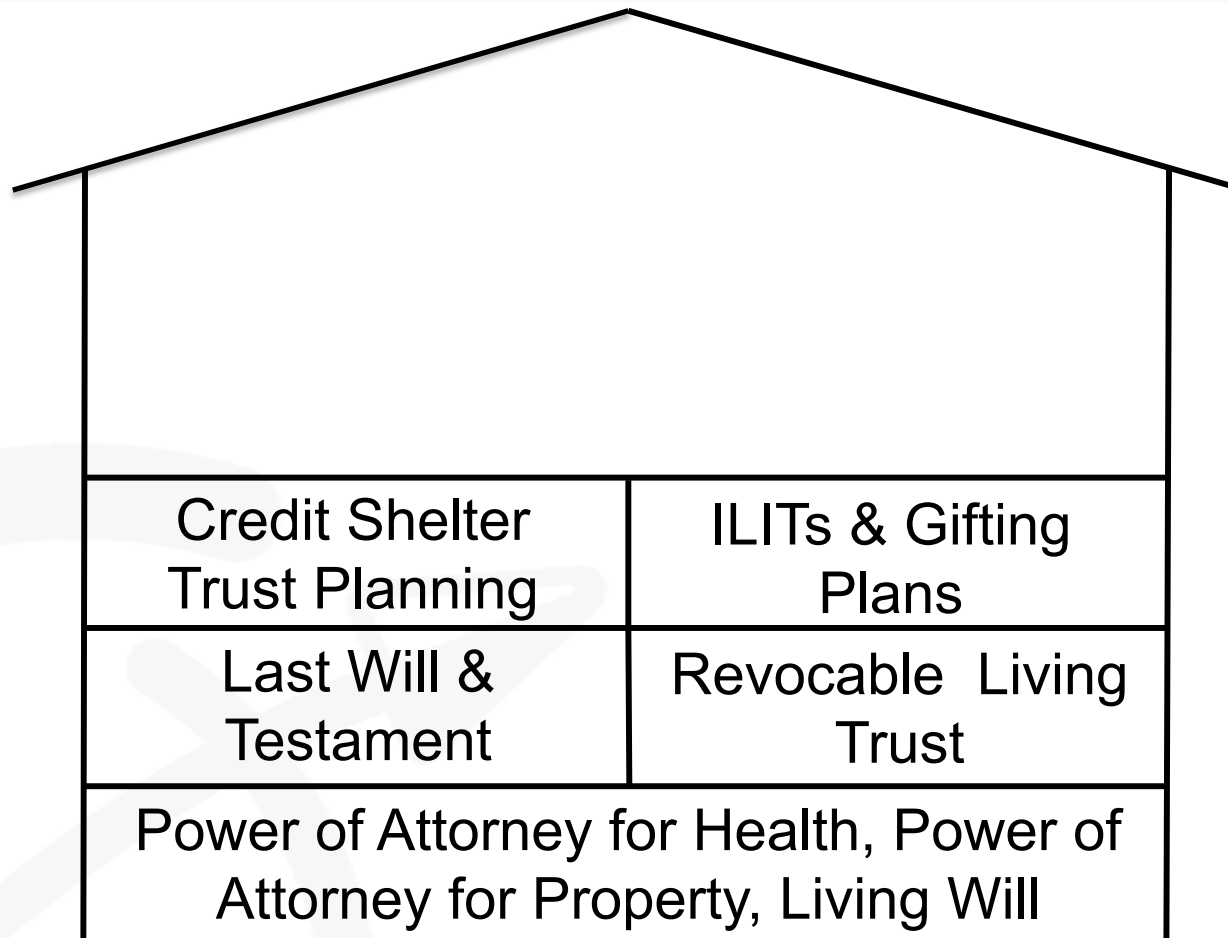
Basic Structure—Wills & Revocable Trusts



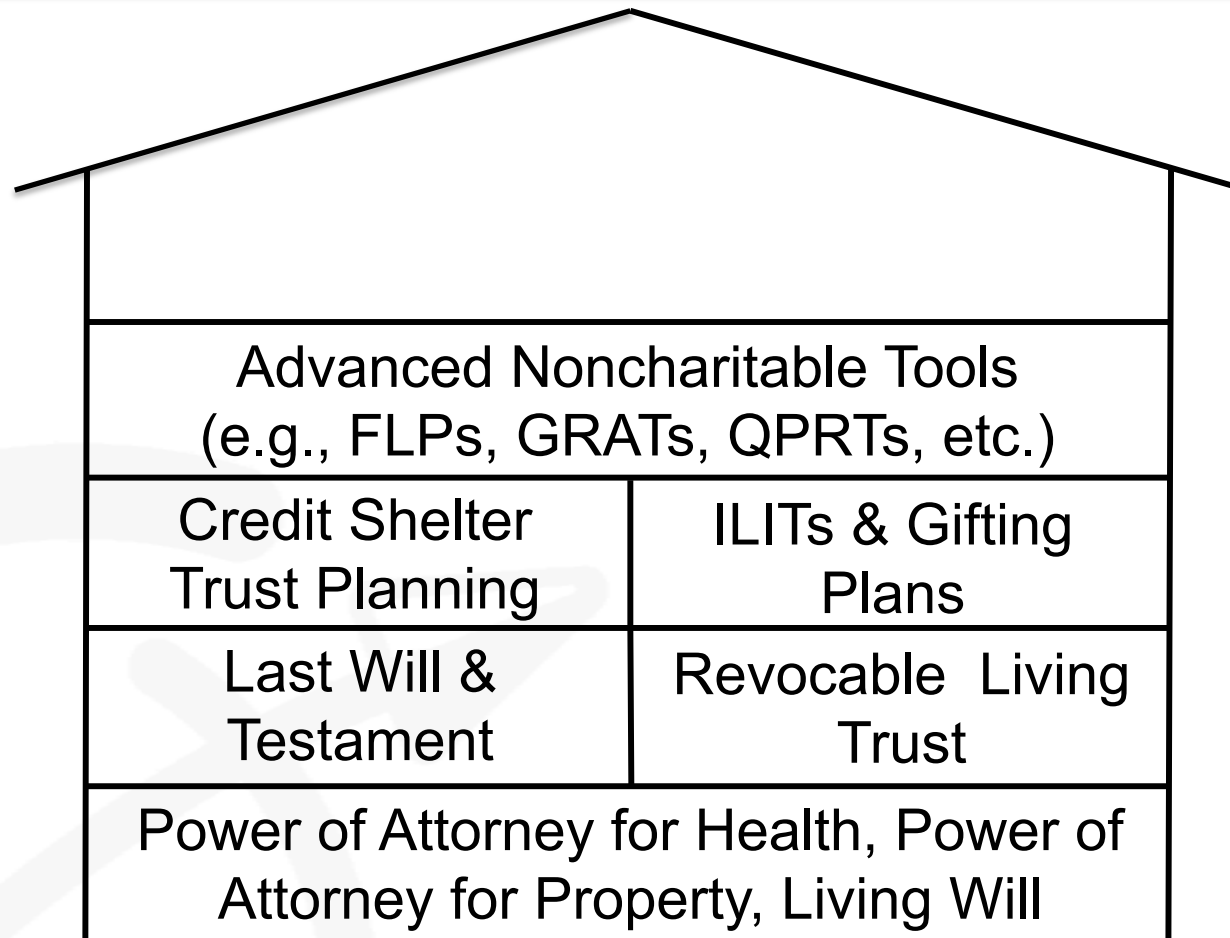
The Mechanics of a Trust



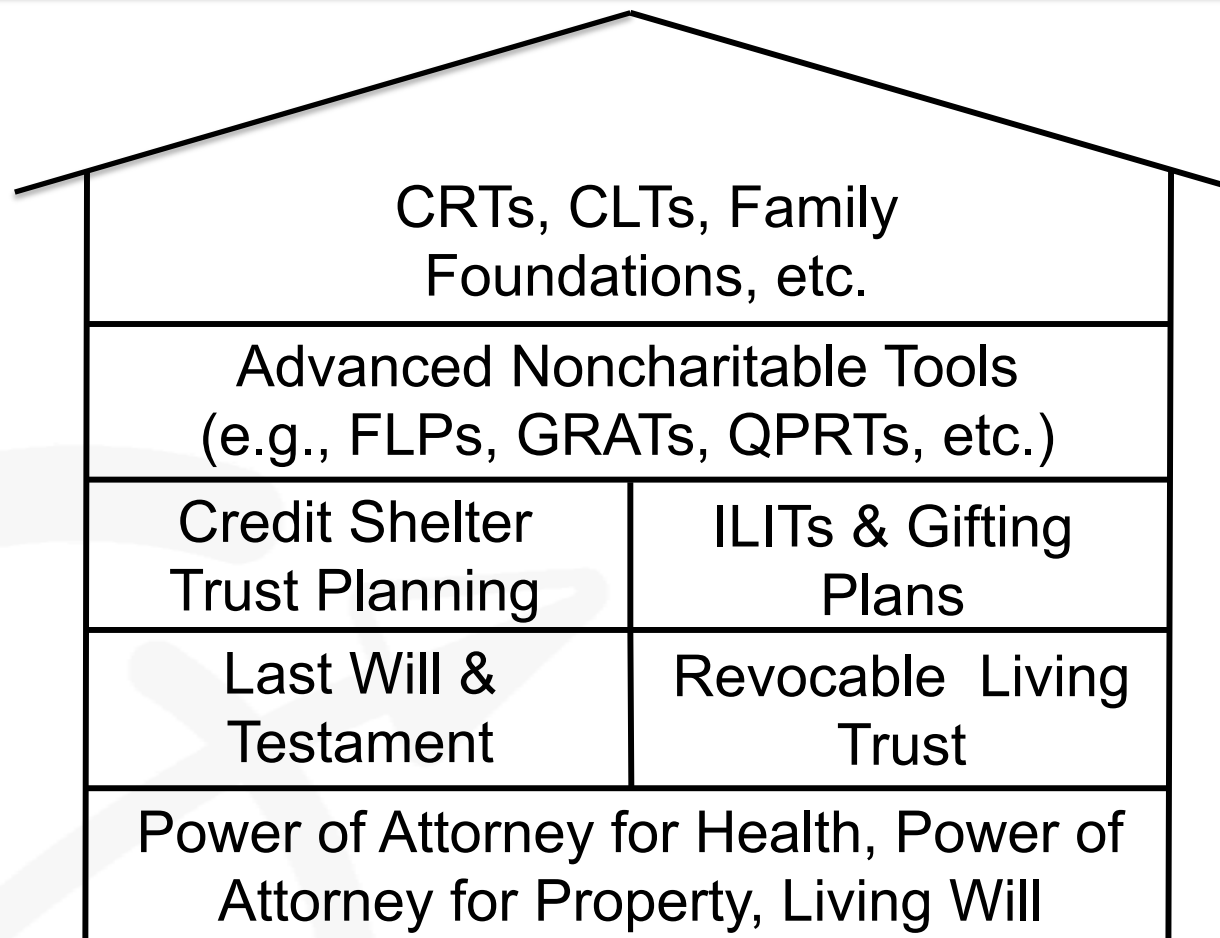
Basic Tax Planning Maximizes Assets to Heirs



Business & Asset Preservation Planning



Incorporating Philanthropy & Legacy Planning



Charitable Estate Planning vs. Traditional Planned Giving

Traditional Planned Giving

- 1. Goal is to secure a gift**
- 2. Informs donor about the benefits of a particular type of gift**
- 3. Based on the organization's needs**
- 4. May generate a gift**

Charitable Estate Planning

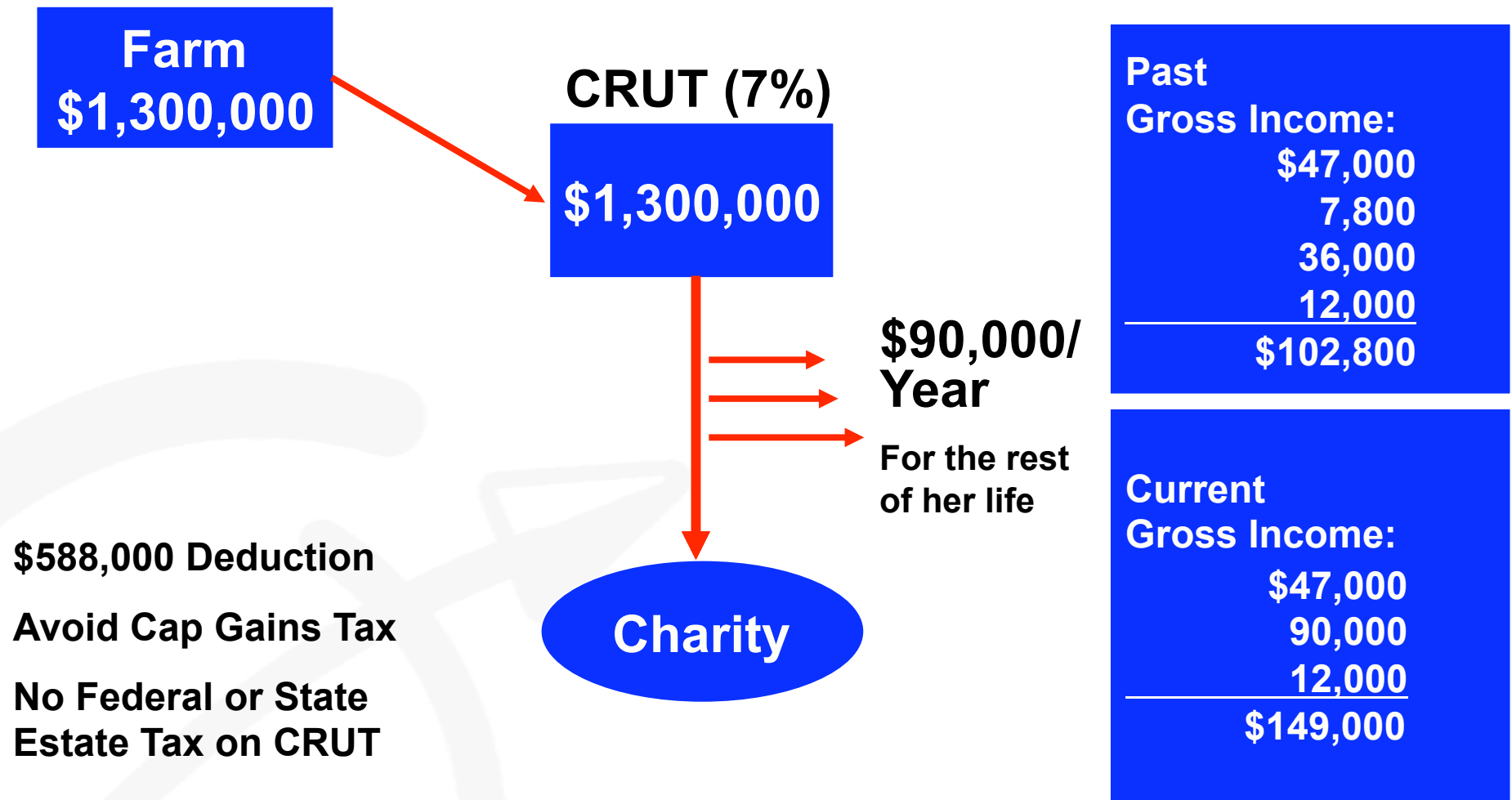
- 1. Goal is to create the best plan for the donor**
- 2. Educates donor about how a gift fits into his or her objectives**
- 3. Based on the values of the donor**
- 4. Typically results in large gifts**

"Our donors appreciate the values-based approach to planning."

--Attorney and President of Private School

81 Year Old - Single Woman

\$2.4 Million Estate, Low on Cash



No Federal Tax Illustration

(Assumes \$3,500,000 Fed. Exemption, 45% Estate Tax Rate, and 35% Income Tax Rate)

Estate*

IRD Assets \$ 1,482,000
Other \$ 4,318,000

\$5,800,000

Current Planning*

Heirs \$ 4,338,861
Charities \$ 0
Taxes \$ 1,461,139

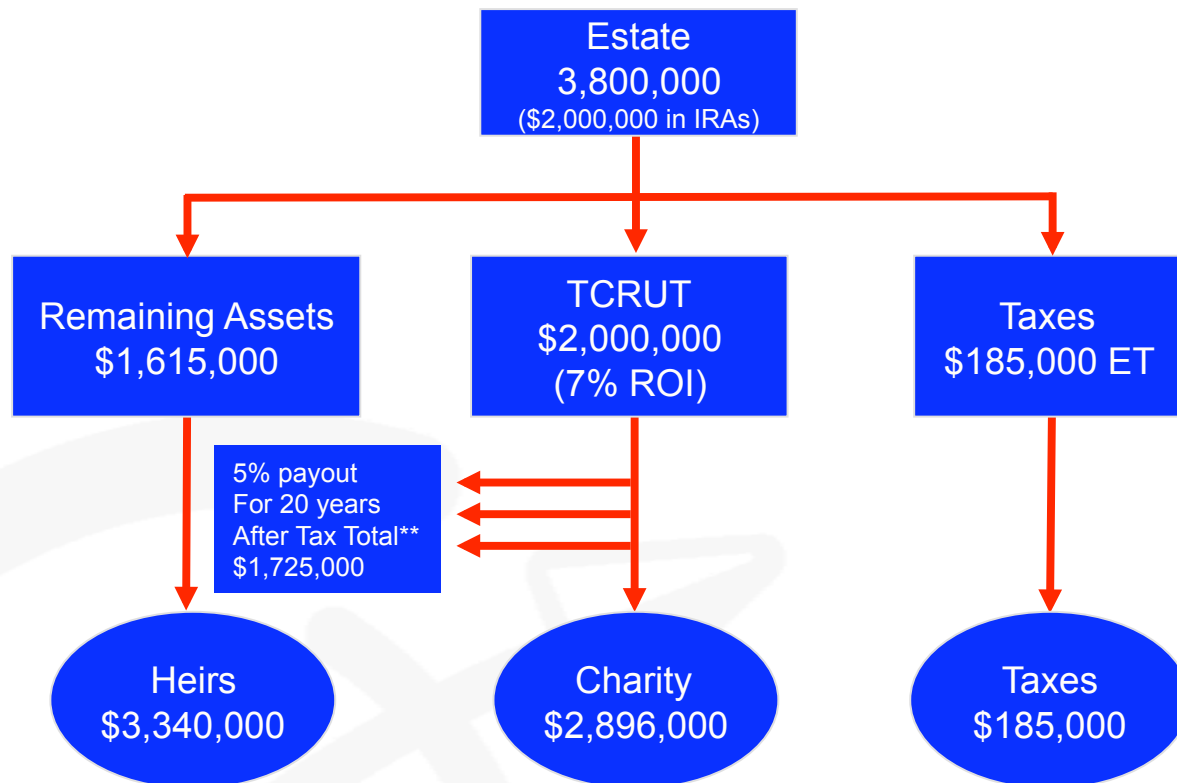
No Federal Tax Plan

Heirs \$ 3,500,000
Charities \$ 2,300,000
Taxes \$ 0

Heirs \$3,500,000
Taxes \$0
Charity \$2,300,000

* Actual future tax rates may be higher or lower at time of death.

IRAs to Testamentary Charitable Remainder Trust



Current Planning*	
Heirs	\$ 2,890,000
Charities	\$ 0
Taxes	\$ 910,000

Recommended Plan	
Heirs	\$ 3,340,000
Charities	\$ 2,896,000
Taxes	\$ 185,000

Present Value of Recommended Plan***	
Heirs	\$ 3,340,000
Charities	\$ 2,855,000
Taxes	\$ 185,000

* Actual future value of estate and gift may be higher or lower at time of death.

** Income Tax calculated at a 28% rate

*** Future Values discounted at 3.5% for inflation to arrive at present values

Estate Plan

Other Assets	\$2,375,000
Life Insurance	\$4,525,000
Retirement Accts.	\$2,400,000
Total Estate	\$9,300,000

\$9,300,000

Before Planning:

Heirs	\$7,200,000
Charity	\$0
Taxes	\$2,100,000
<small>(potential immediate income and estate taxes)</small>	

Death of the first spouse

Credit Shelter Trust
\$3,500,000

Health,
Education,
Maintenance,
Support

Surviving Spouse Outright
\$5,800,000

After Planning:

Heirs	\$6,450,000
Charity	\$2,400,000
Taxes	\$450,000*

Death of the surviving spouse

Passes to Heirs
free of tax

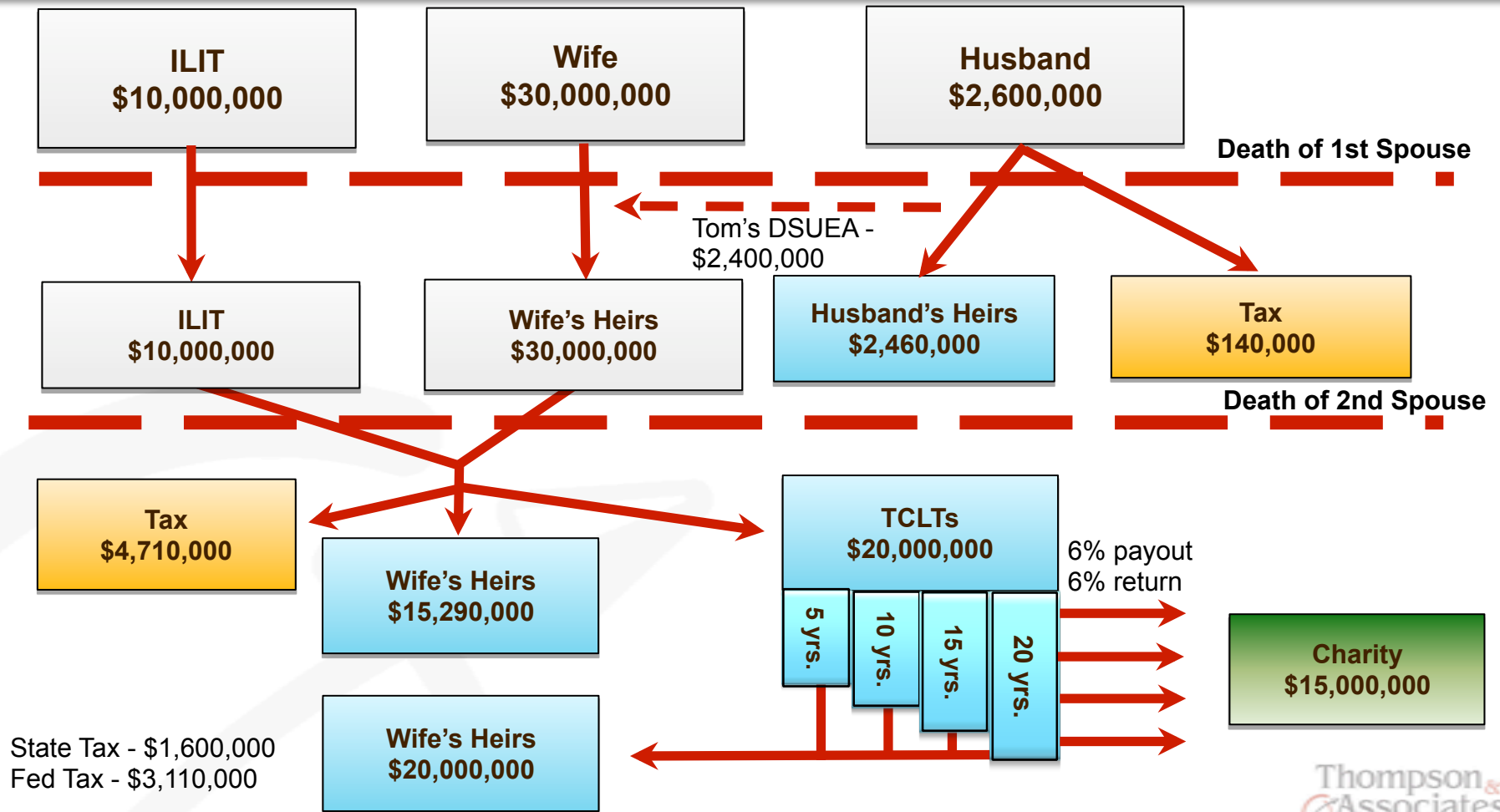
Heirs
\$6,450,000

Retirement
Accounts

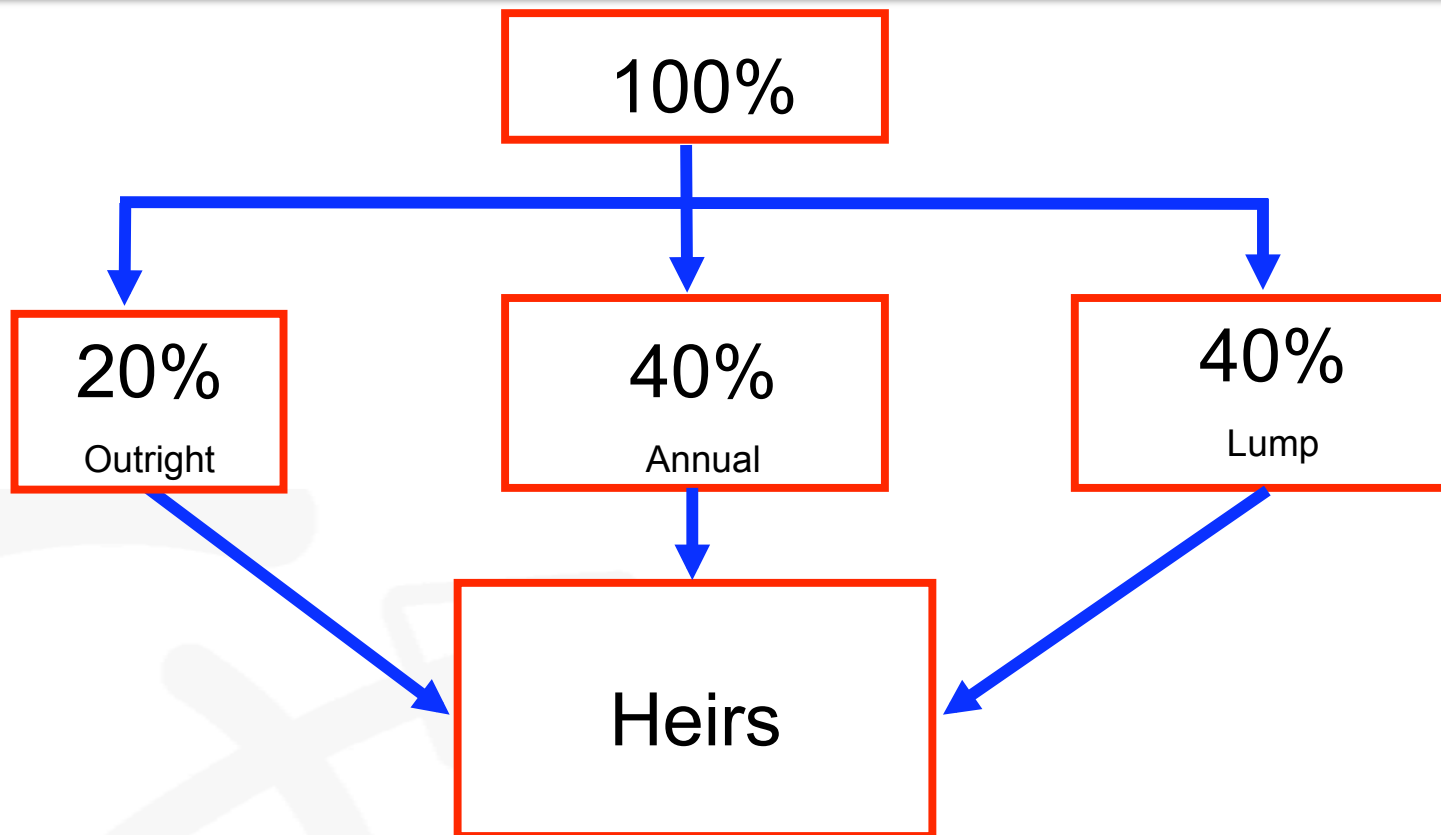
Charity
\$2,400,000

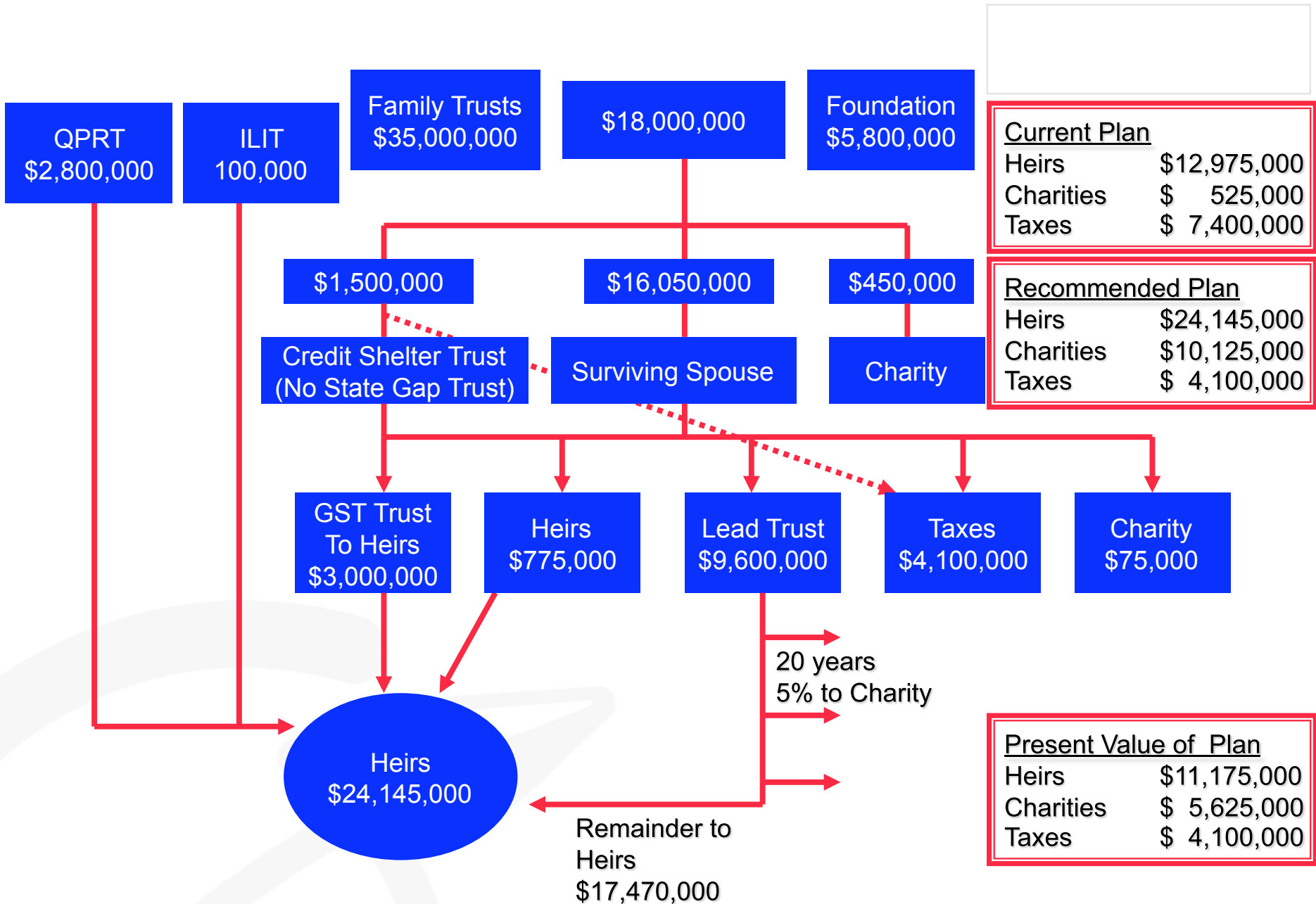
Taxes
\$450,000

Example of TCLT if Husband Dies First



Trends In Estate Planning





* Actual future value of estate and gift may be higher or lower at time of death.



Questions?

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