

# Fifteen Ways For SOMEONE To Give

You have many options in structuring a gift to benefit Baton Rouge Lutheran School (BRLS) and the students we care for. Please contact Baton Rouge Lutheran or your professional advisor for more information about any of these options. These are ways to make a gift now, or later, that will provide for the hundreds of children who will be educated here in the years to come.

Some kinds of gifts can help you plan when you will take a charitable deduction, eliminate your need to personally handle the disposal of assets, reduce your tax bill, or create a gift that pays you (or someone you select) income for life.

## **Gifts that benefit Baton Rouge Lutheran School today**

### **1. Cash, Check or Credit Card**

Cash, whatever the form, is always an easy way to make a current or future gift and have an immediate impact on the students. Baton Rouge Lutheran School welcomes your gifts of cash, but encourages you to look at other gift options that may have even greater tax benefits, such as the ideas listed below.

### **2. Publicly traded stocks and bonds**

Publicly traded securities – stocks, bonds, or mutual funds – are a quick and easy way to make a gift to Baton Rouge Lutheran School. When those securities have long-term appreciation, your gift has two tax benefits: a current charitable income tax deduction for the market value of the gift, and avoidance of capital gain on the appreciation.

### **3. Closely-held stocks and bonds**

Non-publicly traded stock (closely held company or family business) may be the best gift for you because it may represent your largest asset or you anticipate a sale of the company. Gifts of long-term appreciated closely-held securities also generate a double tax benefit: you receive a current income tax deduction for the gift's market value, and avoid tax on the capital gains.

### **4. Real estate**

Real estate – residential property, vacation home, undeveloped land, or commercial buildings – may make an excellent gift, especially if the property is appreciated. As with other assets held longer than one year, you receive a charitable income tax deduction for its appraised value and may avoid capital gains on the appreciation. Gifts of real estate require more pre-gift review than other gifts, which normally include a site visit, an environmental assessment, and a title report. Please contact Baton Rouge Lutheran School for guidance in working through this review process.

## **5. Remainder interest in home or farm**

As an alternative to an outright gift of real estate, you can give your home, your vacation home or your farm to Baton Rouge Lutheran School today and reserve the right to continue to use that property for the rest of your life. This gift creates a current charitable income tax deduction for the value of the interest that passes to Baton Rouge Lutheran at your death. You (or you and your spouse or others named by you) may continue to live in the home. This is an especially attractive option for those who do not have taxable estates since you can get a tax deduction today for the gift that will pass to Baton Rouge Lutheran School in the future.

## **6. Tangible personal property**

A gift of tangible personal property – collectibles, art, or jewelry – is a creative way to make a gift to Baton Rouge Lutheran School and receive a charitable income tax deduction. Since gifts of tangible personal property have no readily established market value, you are required to have the property appraised and use a qualified appraiser when the value exceeds \$5,000. You receive a charitable income tax deduction for the item's market value when the gift is used by Baton Rouge Lutheran School in its Christ-centered mission, or cost basis if the gift is sold.

## **7. Intellectual property**

Patents, trademarks, copyrights, musical compositions and other intellectual property can also be used to make a gift to Baton Rouge Lutheran School. Gifts of these types of property are more complicated and require careful planning to achieve a charitable income tax deduction.

## **8. Insurance policies**

There are two ways to make a current gift of a life insurance policy. You can transfer ownership of a policy you own (and no longer need to protect your family) and receive a charitable income tax deduction for the value of the policy. Or, you may choose to make an annual tax-deductible contribution to Baton Rouge Lutheran School to purchase a policy on your life. Either way, you can make a significant gift with a relatively small investment. Your insurance agent or accountant can help with the details.

## **9. Charitable lead trusts**

A charitable lead trust is an irrevocable trust (or annuity) that pays an income stream to Baton Rouge Lutheran School for a specified period of time and distributes the remaining trust assets to the creator (grantor lead trust) or others such as heirs (non-grantor lead trust).

Grantor lead trust: A grantor lead trust pays an annual income stream to Baton Rouge Lutheran School for the number of years you select, and then returns the property to you. You receive a charitable income tax deduction for the present value of the income paid to Baton Rouge Lutheran School over the trust term, but you pay income tax on the trust earnings during this time. In effect, this allows you to accelerate several years of charitable contributions into the year you create the trust when you may have an unusually large income.

Non-grantor lead trust: A non-grantor trust has very different tax benefits. The non-grantor lead trust pays an income stream to Baton Rouge Lutheran School over the trust term, and distributes the remaining trust assets to your children, grandchildren, or other named individuals. You do not receive an income tax deduction for the gift (and do not pay tax on the trust income, which is paid by the trust), although you do receive a gift tax deduction. This allows you to transfer property to future generations at a discounted value.

### **Gifts that benefit Baton Rouge Lutheran School and pay you income**

#### **10. Charitable gift annuities**

A charitable gift annuity provides you with a fixed annuity payment for life in exchange for your gift of cash or marketable securities to Baton Rouge Lutheran School. The annuity amount – which can be paid for one or two lives – is based on the annuitant’s age (or ages, if two lives are involved) and the rates in effect on the date of your gift. You receive an immediate charitable income tax deduction for the gift portion of the annuity. In addition, a portion of the annual annuity payment will either be tax-free or long-term capital gain, depending on the type of property used to make the gift.

#### **11. Charitable remainder trusts**

A charitable remainder trust is an irrevocable trust that pays you or one or more individuals you select an income stream for life or a term of years. At the end of the trust term, the remaining assets are paid to Baton Rouge Lutheran School.

The trust income can be structured in one of two ways: as a fixed annuity amount (a charitable remainder annuity trust) or a fixed percentage of the trust’s annual value (a charitable remainder unitrust). You select the income structure and distribution amount – as long as it is no less than 5% or more than 50% of the trust value – that best fits your goals.

A charitable remainder trust is tax-exempt and pays no tax on its income or capital gains, making it an excellent choice for gifts of long-term appreciated property. Donors contributing appreciated property to the trust avoid capital gains on the appreciation. The payments received from the trust are taxable, however, depending on the type of income generated by the trust.

### **Gifts that benefit Baton Rouge Lutheran School in the future**

#### **12. Bequests**

One of the simplest and most effective ways to make a gift to Baton Rouge Lutheran School is to create a bequest under your will. A bequest allows you to maintain control and use of the assets during your lifetime. It is also flexible -- the bequest can be structured as a specific dollar amount, a percentage of the estate assets (or a percentage of the assets remaining after payment of other bequests and expenses), a specific asset, or even a gift effective only if you have no other beneficiaries. Ask your attorney to help design a gift that meets your personal and charitable goals.

### **13. Retirement plan beneficiary designations**

Naming Baton Rouge Lutheran School as the beneficiary of all or a portion of your retirement assets is one of the most tax-advantaged ways to make a charitable gift. Retirement assets are subject to two taxes at death: income tax and estate tax. Naming Baton Rouge Lutheran School as beneficiary of all or a portion of the retirement plan or IRA avoids both taxes. Since the combined taxes on retirement plan assets can run as high as 75% to 80% for some taxpayers, a gift from a retirement plan rather than a gift from other estate assets may leave more for family. Make sure you talk with your estate-planning professional before changing your beneficiary designation to ensure the best result.

### **14. Life insurance beneficiary designations**

Another simple method of making a charitable gift is to name Baton Rouge Lutheran School as beneficiary of a current life insurance policy. Although you do not receive a deduction when Baton Rouge Lutheran School is named as beneficiary (since you still own the policy and the beneficiary can be changed), the estate receives a charitable deduction for the insurance proceeds paid to charity.

Here is another option. If you name a family member as the primary insurance beneficiary, name Baton Rouge Lutheran School as the secondary beneficiary in the event the family member is not alive at your death.

### **Gifts of time and talent**

#### **15. Volunteering**

Remembering Baton Rouge Lutheran in your prayers is a powerful way to support the school. And having your physical support – on or off campus – as a volunteer is truly meaningful to our teachers and students.