



The Washington
**ANIMAL
RESCUE
LEAGUE**

Rescue • Rehab • Rehome

Major and Planned Gifts Fact Sheets

Major and Planned Gifts Overview

Beneficiary Designations

Bequests

Charitable Gift Annuities

Charitable Remainder and Lead Trusts

Comparison of Life Income Gifts

Gifts of Closely Held Business Interests

Gifts of Life Insurance

Gifts of Stock and Other Securities

IRA Rollover Gifts

Pets in Estate Plans

Pet Trusts

Real Estate Gifts

Retained Life Estate Gifts

warl.org/PlannedGiving

Charitable Remainder and Lead Trusts

Many people wish they could support the Washington Animal Rescue League in a truly meaningful way, but they hesitate to contribute assets they may need for use in generating income in the future.

If you are in this situation and have a significant amount of assets available, you may want to consider setting up a charitable remainder trust.

The Washington Animal Rescue League will gladly work with you and your advisors to help establish such a trust. Depending on various factors, it is usually feasible to fund a trust with assets worth \$100,000 or more. Donors typically draw upon cash or long-term appreciated securities, but assets such as real estate can sometimes be appropriate as well.

Charitable Remainder Annuity Trust

When you establish a charitable remainder annuity trust, a fixed sum of money is paid to you and/or one or more other named beneficiaries each year for life or for a specified term of up to 20 years. When the trust ends, its remaining assets pass to the Washington Animal Rescue League.

If you want to secure a steady stream of payments or increase cash flow from low-yield holdings, these trusts are a good choice because the amount you receive is set, regardless of how the value of the trust changes over time. You can also take an immediate charitable deduction for part of the value of what you contribute to the trust, as well as avoid or delay capital gains taxes on appreciated assets used to fund the trust.

Charitable Remainder Unitrust

A charitable remainder unitrust is something of a combination of a gift with an investment component. You place assets in a trust, and then you and/or one or more other named beneficiaries receive lifetime income from the trust. When the trust ends, the Washington Animal Rescue League receives what remains of its assets. With a unitrust, the amount you receive as income is a fixed percentage of the annual net fair market value of the trust's assets.

This can be a good choice because it provides the opportunity to increase your income as the value of the trust's assets increases (although income may decrease from one year to the next if the value of the trust's assets declines). Unitrusts also offer a sizeable income tax charitable deduction and may help to avoid or delay capital gains taxes if you contribute appreciated assets.

NOTE: Unitrusts, unlike annuity trusts, also allow additional assets to be placed in the trust over time, thereby affording a measure of flexibility.

Charitable Lead Trusts

It is also possible to establish a charitable lead trust, which is the opposite of a charitable remainder trust: payments are made to the Washington Animal Rescue League each year during the trust's existence, and when the trust terminates its remaining assets are distributed to one or more individuals. The amount paid may be either fixed (a lead annuity trust) or variable (a lead unitrust).

Tax advantages of lead trusts can include the ability to increase charitable giving and, in some circumstances, to reduce the size of one's estate, so that in transferring assets to heirs, gift and estate taxes are either reduced or eliminated.

Example 1: Remainder Trust

Charles, age 64, is a long-time supporter of the Washington Animal Rescue League. Among his assets are shares of stock in a single company. He acquired the shares many years ago for \$90,000. Today they are worth \$250,000 although they pay a modest dividend of only 2 percent, i.e., \$5,000 per year. He would like to receive more income from this investment, yet he is reluctant simply to sell the shares and reinvest the proceeds, due to the tax he would have to pay on the \$160,000 in capital gain.

Instead of selling the shares, he uses them to create a charitable remainder unitrust. The trust, as a tax-exempt entity, is able to sell the shares without paying any capital gains tax. Each year, the trust will pay him 6 percent of whatever its assets are worth at the beginning of the year. In addition to increasing his cash flow substantially, Charles receives an income tax deduction of almost \$95,000, plus he has the satisfaction of knowing that the trust will ultimately provide substantial funding for the League.

Example 2: Lead Trust

Charles's sister, Margaret, age 67, also wants to benefit us but prefers that her gift be available to the Washington Animal Rescue League now, rather than upon her death. In addition, she is looking for ways to decrease gift and estate taxes payable in connection with a portion of her wealth she would ultimately like to transfer to her two children, who are now in their thirties.

Over the years, she has invested in a growth-oriented mutual fund, paying only \$150,000 for shares that are now worth \$800,000. She has an estate worth many millions of dollars and does not need the negligible amount of income the mutual fund shares provide, although she would like for her children eventually to receive as many of the shares as possible.

Accordingly, she contributes the shares to a charitable lead annuity trust that will pay the Washington Animal Rescue League \$56,000 (i.e., 7 percent of \$800,000) each year for the next 15 years, with the trust selling only those shares needed to make the payments as they come due. Taking into account not only the trust's obligation to make these payments but also its costs of administration, if the shares are nevertheless able to increase in value at a rate greater than about 8 percent per year, then the trust's assets will be worth more than \$800,000 by the time it terminates. Even though all of what remains in the trust when it ends will be distributed to the children, for gift and estate tax purposes Margaret will be deemed to have transferred to them assets worth only about \$120,000.

The income, estate, and gift tax benefits of these giving tools vary, so please feel free to check with us and then confirm the specifics with your own advisors.

NOTE: These examples are based on the rates effective in July 2010.

Join Our Legacy Society with Your Planned Gift

If you designate the Washington Animal Rescue League as a beneficiary of a financial, retirement, or insurance asset, you become a member of our legacy group: the 1914 Society. The League was founded in 1914—imagine that, almost a century of caring for animals in need! Our hope is that you will let us know about your planned gift so we can thank and recognize you. You will receive these privileges of membership in the 1914 Society:

- Washington Animal Rescue League's annual report,
- Updates on League news through our *Animal Report* newsletter,
- Invitations to special events, including our annual 1914 Society reception, and
- Recognition of your planned gift in the League's publications (unless you prefer to remain anonymous).

Special Considerations

Please contact us about restricting your asset gift to the specific League program(s) of your choice.

Unrestricted contributions are preferred; however, we also welcome a conversation if funding a specific program is critical to you. We have many projects – both short-term and ongoing – at the Washington Animal Rescue League for which we seek support. We can tell you about all the available options today – and tomorrow, when a new generation of animals in need will look to us for aid.

Gifts to the League may be made in memory of any deceased person(s) or pet(s) or in honor of any living person(s) or pet(s).

Other Types of Planned Gifts that May Interest and Benefit You

If you are considering a charitable trust to benefit the Washington Animal Rescue League, be aware that other gift types – such as an outright donation of securities or real estate, a charitable gift annuity, or a retained life estate arrangement involving a personal residence – may be suitable or preferable, taking into account your goals and needs.

Of course, arranging a gift for the Washington Animal Rescue League through a will or through some other element of an estate plan – e.g., including our organization as a beneficiary of a financial, retirement, or insurance account or asset – is also an act of considerable generosity that many people can afford even if a large lifetime gift is not realistic.

Our development staff can help you plan the right gift in light of your assets, income, family, and other estate or financial obligations. You may be able to be a greater philanthropist than you realize. Would you consider making the gift of a lifetime to the Washington Animal Rescue League if we can show you how?

We Invite You to Contact Us

The Washington Animal Rescue League neither requests nor accepts government funding. We are a 501(c)(3) charity and our programs and endowment depend on your support. Our tax identification number is 53-0162440.

Direct your confidential inquiries and notifications about legacy gifts for the benefit of the Washington Animal Rescue League to:

Robert Blizard, Chief Development Officer
Washington Animal Rescue League
71 Oglethorpe Street, NW
Washington, DC 20011

rb lizard@warl.org | 202.375.7754

Information also available at warl.org/plannedgiving.

**This information provided by the Washington Animal Rescue League is not financial, tax or legal advice.
You should consult your advisors before making your charitable giving decisions.**