

COMPARISON OF SELECTED CHARITABLE GIFTING TECHNIQUES

	<i>OUTRIGHT GIFT TO CHARITY</i>	<i>CREATE A PUBLIC CHARITY</i>	<i>CHARITABLE GIFT ANNUITY</i>	<i>CHARITABLE REMAINDER TRUST</i>	<i>CHARITABLE LEAD TRUST</i>
<i>BRIEF DESCRIPTION</i>	<ul style="list-style-type: none"> Transfer property directly to existing charity 	<ul style="list-style-type: none"> Transfer property to new organization which will be publicly supported or will operate a qualified activity (e.g. school) 	<ul style="list-style-type: none"> Transfer property to existing charity in exchange for annuity 	<ul style="list-style-type: none"> Life or term trust in which donor and/or individuals receive an income interest with the remainder passing to a Public Charity or Private Foundation 	<ul style="list-style-type: none"> Trust income or "lead" interest is for the benefit of charity and the remainder interest passes to non-charitable beneficiaries
<i>TYPE (S)</i>	<ul style="list-style-type: none"> Activity-Based, Support-Based or Fees Admissions-Based 	<ul style="list-style-type: none"> Activity-Based, Support Based or Fee & Admissions-Based 	<ul style="list-style-type: none"> Annuity on life of donor or third party Current or deferred annuity 	<ul style="list-style-type: none"> Annuity interest (CRAT) Unitrust interest (CRUT) Net income unitrust interest (NIM - CRUT) 	<ul style="list-style-type: none"> Annuity interest Unitrust interest Grantor vs. non-grantor trust
<i>DEGREE OF CONTROL BY DONOR</i>	<ul style="list-style-type: none"> Very limited (though gift can be restricted or unrestricted, an endowment for a term or specified project, or conditional or matching) 	<ul style="list-style-type: none"> Very limited 	<ul style="list-style-type: none"> Limited 	<ul style="list-style-type: none"> Limited 	<ul style="list-style-type: none"> Limited
<i>INCOME TAX DEDUCTION</i>	<ul style="list-style-type: none"> 50% of AGI limitation (FMV of long-term capital gain property is only deductible up to 30% of AGI) 	<ul style="list-style-type: none"> Same as for gift to charity 	<ul style="list-style-type: none"> Deduction equals the difference between the FMV of the property transferred and the actuarial value of the annuity 	<ul style="list-style-type: none"> Deduction equals the FMV of remainder interest in the property contributed AGI limitations depend upon whether remainder goes to a Public Charity or Private Foundation 	<ul style="list-style-type: none"> Must be a grantor trust to be entitled to an income tax deduction Deduction equals the actuarial value of the charitable lead interest & to the extent trust income is paid to charity
<i>ESTATE & GIFT TAX DEDUCTIONS</i>	<ul style="list-style-type: none"> 100% Deductible 	<ul style="list-style-type: none"> 100% Deductible 	<ul style="list-style-type: none"> Deduction equals FMV of the property transferred less the actuarial value of the annuity 	<ul style="list-style-type: none"> Charitable remainder interest is deductible 	<ul style="list-style-type: none"> Charitable lead interest is deductible
<i>COMPLEXITY</i>	<ul style="list-style-type: none"> Minimal 	<ul style="list-style-type: none"> Must register as a charitable entity with state Attorney General File Form 1023 with the IRS and state tax authority to obtain an income tax exemption 	<ul style="list-style-type: none"> Nominal (most administration handled by donee) 	<ul style="list-style-type: none"> Creation and administration is complex 	<ul style="list-style-type: none"> Creation and administration is complex
<i>FILING REQUIREMENTS & COSTS</i>	<ul style="list-style-type: none"> Complete Schedule A, (Itemized Deductions) on Form 1040 Complete Form 8283 if charitable contribution is greater than \$500 - appraisal may be required 	<ul style="list-style-type: none"> File annual Form 990 tax return with the IRS Must publish notice & make 990 available to the public Corporate filing requirements may apply For 1023 subject to public disclosure Accounting and legal fees 	<ul style="list-style-type: none"> Similar to outright gift to charity (but more complex income tax calculation) 	<ul style="list-style-type: none"> File IRS Form 5227 Split-Interest Trust Information Return for each calendar year Same as gift to charity 	<ul style="list-style-type: none"> File IRS Form 5227 Split-Interest Trust Information Return for each calendar year File IRS For 1041 U.S. Income Tax Return for Estates and Trusts if a grantor trust
<i>TAXES IMPOSED</i>	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Portion of each annuity payment is treated as a non-taxable return of capital and a portion is treated as taxable income (ordinary or capital) Gift tax may be imposed if there is a third party annuitant 	<ul style="list-style-type: none"> Some of the excise taxes imposed on Private Foundations apply to CRTs Generally exempt from income tax except if incurs UBTI or debt financed income, fails to pay the unitrust or annuity trust and/or real property taxes, or has mortgaged property 	<ul style="list-style-type: none"> Income of trust will be taxed to the grantor throughout the trust term, if grantor trust Value of remainder interest subject to gift or estate tax Some of the excise taxes imposed on Private Foundations apply

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	CREATE A PRIVATE FOUNDATION	CREATE A PRIVATE OPERATING FOUNDATION	CREATE A SUPPORTING ORGANIZATION	GIFT TO A COMMUNITY FOUNDATION
BRIEF DESCRIPTION	<ul style="list-style-type: none"> Transfer property to a new organization which isn't a "charity" but exists for charitable purposes 	<ul style="list-style-type: none"> Transfer property to private foundation which directly conducts charitable activity 	<ul style="list-style-type: none"> Transfer property to new organization which will be supervised by one or more charities 	<ul style="list-style-type: none"> Transfer property to public charity which receives gifts from the general public, pools gifts and makes grants to charities
TYPE (S)	<ul style="list-style-type: none"> Primarily a grant-making organization 	<ul style="list-style-type: none"> Example: Art museums, soup kitchen 	<ul style="list-style-type: none"> Operated for benefit of one or more charities 	<ul style="list-style-type: none"> Donor directed funds Donor advised funds
DEGREE OF CONTROL BY DONOR	<ul style="list-style-type: none"> Unlimited (subject to restrictions on "self-dealing") 	<ul style="list-style-type: none"> 85% of assets must be used for accomplishment of exempt purpose Subject to restrictions on "self-dealing" 	<ul style="list-style-type: none"> Limited At least 50% of the charity's Board must consist of unrelated individuals Practical, not legal, control over the investments and distributions 	<ul style="list-style-type: none"> Very limited Board has the ability to change donees
INCOME TAX DEDUCTION	<ul style="list-style-type: none"> 30% of AGI limitation (however, basis of long-term capital gain property is deductible only up to 20% of AGI) FMV deduction for publicly traded stock 	<ul style="list-style-type: none"> 50% of AGI limitation Same as for gift to public charity 	<ul style="list-style-type: none"> Same as public charity 	<ul style="list-style-type: none"> Same as public charity
ESTATE & GIFT TAX DEDUCTIONS	<ul style="list-style-type: none"> 100% Deductible 	<ul style="list-style-type: none"> 100% Deductible 	<ul style="list-style-type: none"> 100% Deductible 	<ul style="list-style-type: none"> 100% Deductible
COMPLEXITY	<ul style="list-style-type: none"> Must register with state Attorney General File Form 1023 with IRS and state tax authority to obtain an income tax exemption Compliance with self-dealing rules 	<ul style="list-style-type: none"> Must operate a charitable enterprise Same requirements as private foundation 	<ul style="list-style-type: none"> Similar to forming public charity 	<ul style="list-style-type: none"> Minimal
FILING REQUIREMENTS & COSTS	<ul style="list-style-type: none"> File annual form 990-PF tax return with the IRS Must publish notice & make 990-PF available to the public Corporate filing requirements may apply Form 1023 subject to public disclosure Accounting and legal fees 	<ul style="list-style-type: none"> Similar to private foundation 	<ul style="list-style-type: none"> Similar to forming public charity 	<ul style="list-style-type: none"> Same as gift to charity
TAXES IMPOSED	<ul style="list-style-type: none"> Excise taxes imposed on investment income, self-dealing, excess business holdings, jeopardizing investments and distributions for non-charitable purposes 	<ul style="list-style-type: none"> Excise taxes imposed on investment income, self-dealing, excess business holdings, jeopardizing investments and distributions for non-charitable purposes 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> None

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