



July 2008

You Can't Take it With You . . . Consider Charity in Your Final Plans

By Gina M. Barry, Esq.

If you were able to donate a large sum of money to your favorite charity, to what charity would you give that money? Surely, a few favorite causes come to mind immediately. You might donate your money to an organization dedicated to finding a cure for an awful disease that has affected your life or the life of your loved ones. You might choose to benefit organizations that support and encourage positive growth in our youth, such as the local YMCA. You might be an animal lover and choose to support the local animal shelter or abuse prevention organization. Regardless of your choice, it is clear that most everyone has a cause that is near and dear to their heart.

Most people would love to support their favorite local charity, but they are concerned that if they are too generous, they may not be able to comfortably support themselves for the rest of their lifetime. Voltaire, a French Enlightenment writer and philosopher, once said that "the man who leaves money to charity in his Will is only giving away what no longer belongs to him." When you pass away, you no longer have any personal need for your money, so making charitable gifts when you pass away is a logical answer to this concern. If you are inclined toward charity, consider making charitable gifts that will take effect only when you have passed away. By doing so, you can ensure that your money will be available to you should you need it, but you can also support your favorite cause if you do not happen to spend all of your money prior to your passing.

When you make a gift to charity, especially of a significant sum, you can designate how and for what purpose the money is spent. As such, you can be certain that your money will be used for the purposes that you designate. In the alternative, you

may choose to contribute to the charity generally and leave the determination of how to use the money up to the charity's governing board. Another option is to establish a fund in your own name and thereby leave a legacy that lives on beyond your lifetime.

In addition to a favorite charity, most people will choose to benefit their family members or friends in their Will. You may give a specific dollar amount to your favorite charity; however, leaving a specific dollar amount to a charity in your Will may unintentionally divert your remaining funds away from the family members or friends that you also want to benefit. Unless you are leaving your entire estate to charity, you should consider leaving a percentage of your estate to your favorite charity with the remaining percentage being divided between family members and/or friends. By leaving a percentage instead of a lump sum, you can be certain that regardless of how large or small your estate may be, your family, friends and the charity will receive proportionate shares reflecting your wishes.

In some instances, leaving money to charity can help to preserve your estate and allow for a greater amount of assets to be passed to your family or friends. Presently, the state estate tax threshold is \$1 million and the federal estate tax threshold is \$2 million. If your estate exceeds either of these thresholds, estate tax will have to be paid from your estate and the amount remaining for your heirs will be less. Any amounts left to charity will reduce the value of your estate for estate tax purposes. When faced with a choice, most people would choose to benefit a charity rather than pay taxes.

Instead of leaving money to a charity in your Will, you may choose to name a

charity as a beneficiary of any asset with a designated beneficiary. Most commonly, charitable people name their favorite charity as the beneficiary of their life insurance or retirement plans. Further, should your estate contain highly appreciated assets, such as stock you purchased for very little money that is now worth quite a bit of money, a charity can generally avoid paying any income tax when redeeming these assets whereas your estate would incur income tax for the same redemption. Every estate plan is different; therefore, it is important to choose the most beneficial option when determining what or how much to leave to charity.

Charitable giving can be extremely rewarding. While you may not be comfortable giving your assets away to charity now, consider making a gift that will take effect upon your passing. Your donation could fund the research that cures that presently incurable disease. Your donation could build the playground that bears your name at which neighborhood children play. Your donation could provide medical care for an abused animal in desperate need of rehabilitation. Your donation can only meet these needs if you actually make the donation. You can't take it with you . . . consider charity.

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