Smart Money

Community Foundation News for Advisors

A PUBLICATION OF THE CENTRAL NEW YORK COMMUNITY FOUNDATION

Fall 2015

Join us for a great event for advisors!

Successful Charitable Gifts of Real Estate

Continuing Education for Professional Advisors

October 28, 2015
7:30 am-10:00 am

Crowne Plaza Syracuse,
701 E Genesee Street,
Syracuse, NY 13210

Michael J. Degenhart, Assistant Vice President of the Office of Gift Planning at The Pennsylvania State University, will join Peter Dunn, JD, to present our annual professional advisor continuing education seminar.

2 hours of continuing education credit are approved for the following:

Certified Financial Planners (CFP)*

Continuing Legal Education (CLE) - *Difficulty of the course is appropriate for both newly admitted and experienced attorneys.*

2 hours of credit are pending for the following:

Life & Health Insurance Certification (CE)

Continuing Professional Education for CPAs (CPE)

**A certificate of attendance will also be provided for PACE reporting for ChFC® and for other self-reported continuing education such as CWS® designations.*

Register at cnycf.org/PAevents.

Leaving Your Client's Retirement Account to Charity AND Children

You have probably told your clients many times that retirement accounts are best left to charity instead of heirs because of the taxable nature of those assets. Heirs might lose 40 percent or much more of the value of such accounts to taxes. However, when left to a qualified nonprofit, the whole account goes to the purpose intended.

This leads to a problem for many of your clients whose assets are primarily in retirement accounts. How can those assets be left to your clients' heirs without suffering the associated tax burden? By working with the Community Foundation, your clients won't have to choose between family and charity. There are strategies available to provide more money for your clients' heirs while still supporting the causes and the community that they care about for generations.

A client could make the Community Foundation beneficiary of their retirement account as trustee of a charitable remainder unitrust (CRUT). After the client dies and the CRUT receives the retirement account funds, regular payments will be made to family members or friends who are named in the trust. Trust payments will be potentially taxable to the recipient. However, unlike the inherited IRA distribution rules, the payments from the CRUT can last for the beneficiary's lifetime or for a term up to 20 years. Also, the assets in the CRUT are protected from creditors, which may not be the case for inherited retirement accounts.

The CRUT is flexible in design, so the payment amount and time period covered can be adjusted based on your client's situation. Ultimately when the heirs pass away, the remainder in the CRUT will go to a fund at the Community Foundation to be used in accordance with the charitable instructions provided by your client when the CRUT was created.

A few points to consider:

- The approach discussed is most applicable for a single person, or as a contingent beneficiary for a married person.
- The heirs will only receive an income stream and not a lump sum. If a lump sum payment to heirs is desired, a portion of the retirement account could be left directly to the heirs.
- The charitable benefit should be emphasized to the family. Not only can this choice provide about the same or more benefit to the heirs assuming average life expectancies, but it should also provide a substantial amount to charity as well.

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CENTRAL NEW YORK
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Where the **Smart Money** Gives.

Contact Us

Our development team is available to assist you with the information and tools that help your clients achieve their charitable goals.

Thomas Griffith, ChFC®, CAP®
Director of Gift Planning
315.883.5544
TGriffith@cnycf.org

Peter Dunn, JD
President & CEO
315.883.5530
PDunn@cnycf.org

431 EAST FAYETTE STREET, SUITE 100, SYRACUSE, NY 13202 • 315.422.9538 • INFO@CNYCF.ORG • CNYCF.ORG

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COMMUNITY
FOUNDATION, INC.

431 EAST FAYETTE STREET
SUITE 100
SYRACUSE, NEW YORK
13202

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Leaving Your Client's Retirement Account to Charity AND Children

How to create this plan:

- Contact us to discuss your client's situation. Together, we will consider:
    - The number of beneficiaries and their ages.
    - The possible payment amounts and duration.
    - The plan for their charitable fund.
- We can design a plan and help with implementation.

If you would like to discuss this topic further or learn about options to make a difference with your plan or your client's plans, please feel free to contact Tom Griffith, Director of Gift Planning, at 315-883-5544 or tgriffith@cnycf.org.