

Enduring Legacy



Understanding the Benefits of Charitable Giving

Brian Black, attorney with Gibbel Kraybill and Hess LLP, talks with Greg Pierce, Mennonite Home Communities Director of Development, about common questions people have regarding charitable giving.

GREG: Is it true that 80% of Americans make charitable contributions, but fewer than 10% make a charitable bequest through their will or estate plan?

BRIAN: In my experience as an estate planning attorney, that is about right. So often, people are simply not encouraged by their attorney to consider making such gifts. Some clients feel that because they cannot make a “large” gift, their gift isn’t worth doing. These “roadblocks” to charitable giving cause individuals to miss a powerful opportunity to make an enduring impact.

GREG: Shouldn’t people see the will as their permanent legacy – a final declaration of their values?

BRIAN: In our practice, we see the generational impact of charitable giving. Our estate plan expresses the most deeply held values and convictions of our lives. Our will is our final means of expressing our Christian faith and gratitude for those organizations we value. Where children and grandchildren have seen their parents/grandparents giving during their lifetime and through their estate plan, they become purposeful charitable givers themselves. Our office encourages clients to give in this way. I truly enjoy helping clients and their families experience the joy of leaving a charitable legacy.

GREG: Is it difficult or expensive to update your will?

BRIAN: Adding a charitable legacy gift can be as simple and inexpensive as adding a provision to your current will through a “Codicil” [i.e., an amendment]. Using beneficiary designation forms to give from qualified retirement accounts such as 401(k)s and traditional IRAs costs nothing and has added tax benefits as well.

GREG: Are there any advantages for the average family?

BRIAN: Pennsylvania has an inheritance tax of up to 15%. The Federal Estate Tax is scheduled to possibly return to a maximum of 55% as of January 1, 2013. In addition to being subject to both Pennsylvania and Federal death taxes, certain qualified retirement accounts are also subject to income tax when the beneficiaries of those accounts inherit and withdraw the funds. This results in “triple” taxation for those accounts. Properly structured charitable gifts are not subject to Pennsylvania and Federal death taxes or income taxes. Charitable giving creates considerable tax advantages, in addition to an enduring legacy.

GREG: What are the options for bequests?

BRIAN: The simplicity of a charitable gift that expresses your faith and values is very appealing. You can design a gift based upon a specific dollar amount or as a percentage of your total estate (for example, 5% of my estate to my church and 5% of my estate to Mennonite Home Communities). Alternatively, you can designate a particular asset (such as 100 shares of stock or a parcel of real estate) to pass to charity. Bequests allow you to include suggested uses for the funds—and allow you to structure the gift with conditions (for example, “If my total estate exceeds the sum of \$100,000, then I give 5% of my estate to my church, etc.”).

GREG: What else should people know about charitable bequests?

BRIAN: The impact of charitable bequests upon the giver, the recipient organization and the donor’s family cannot be underestimated. For many of my clients and their families, funding a charitable bequest through their will has been deeply rewarding. Charitable bequests leave a tangible impact that reaches outside of ourselves and affects our community when we are no longer living.

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Attorney Black will present **“Taxes or Legacy: It’s Your Choice”** Tuesday, August 14 at 1:30 PM in the Eagle Commons at Woodcrest Villa. Call B. A. Smith at 717.390.4105 to register.