

PHILANTHOPIST ON A BUDGET: WORKING WITH WHAT YOU HAVE TO GIVE

By Barbara H. Cane, Esq.

Many people would like to be philanthropic, but say, "How can I? Sure, it would be easy if I had millions, but I live on a budget myself, so what I can do?" Of course, wealth means greater capacity to give, but there are many ways to give, even for those of us who are not wealthy. Consider these ways to give within your means.

"GIVING" BUDGET: ZERO, EVER!????

Zero! How can that be? Here are three ideas. First, remember the greatest gift is the gift of life. You do not have to have a penny, nor does it cost your family a dime, for you to be donor of eyes, organs or tissues when you die. All it requires is for you to make your wishes known. Tell your family and your doctor. Register your name with the NY Donor Registry at www.donatelifeny.org. Note your intentions on the back of your driver's license when you renew it. Your gift could save the lives of many people if your death occurs under the right circumstances and your wishes are known. If you have qualms about this, discuss it with your religious advisor. Jews who believe that donation is always prohibited should check out the web-site for discussion of Halachic organ donation at www.hods.org. As one memorable poster put it, a donor can "cure blindness without going to medical school". You can cure heart disease, liver and kidney disease and more while you are at it.

Second, consider giving your entire body to a medical school. Participate in the process by which the "dead teach the living". This choice is not for everyone (and is opposed by some religious authorities) but the gift is deeply appreciated by medical schools. Some have an annual memorial service for the families of whole body donors to publicly acknowledge the gift. By helping to train tomorrow's doctors, you help save lives and ease suffering. Most medical schools will take care of cremation of the remains and either return the ashes to your family or inter them in a special "memorial grove" at the cemetery.

Third, ask your friends and family to donate money in your memory when you die. Not only will your request direct funds to your favorite charity, but you will introduce a wider circle of people to a worthy cause they may not have known about. Make your request in writing and encourage your family to announce it (with specific information) in the obituary, at your funeral, memorial service, at the funeral home and during the wake or shiva period. Some families provide note cards with the correct name, address and telephone number of the charity. Attention to detail can transform a good intention into an actual gift.

“GIVING” BUDGET: ZERO (DURING YOUR LIFETIME)

Although it may cost your heirs a little, you can easily make arrange to make gifts that take effect only after your death (when your own cash needs are dramatically lower!) How can you do this?

Put a provision for charitable gifts in your will. Remember that you can also make charitable gifts in your revocable living trust if you prefer that format for your testamentary plans. This can be for any amount, from the very modest to millions. Remember that even the smallest gift is appreciated by charities and the people who devote their efforts to the cause day in and day out.

Name a charitable beneficiary on an IRA or other retirement fund. When individual beneficiaries get those assets and withdraw funds, they will have to pay income tax on them. Charities pay no income tax, so they get one hundred cents on every dollar given. Suppose you want your nephew to have \$30,000 and your favorite charity to have \$30,000. Give the IRA to charity and cash to your nephew so that each will end up with the \$30,000 you intend.

Will there be a “death benefit” from your former employment when you die? Name a charity to receive it.

Do you have US Savings Bonds? If they are older ones, they may carry significant earned, but as yet untaxed, income. Again, charities pay no income tax so they are perfect recipients if you want to stretch your dollars.

Do you have an insurance policy that is no longer necessary for the security of your family? Is there insurance, even a modest amount, provided by your employer or under your VA benefits? All you have to do to name a charitable beneficiary is notify the insurance company or your human resources department with the proper "change of beneficiary form". If you transfer ownership of the policy, you can get an income tax deduction now.

The kids couldn't care less about the old homestead? Consider giving it to a charity in your will or under your revocable living trust. Or make it even simpler upon your death (and get an income tax deduction) by deeding the house to a charity now, but keeping a "life estate" so you can live there for the rest of your life. Twice I have been privileged to help clients give their homes to be used as greatly needed homes for developmentally disabled people. What joy and comfort will come from their gifts! Other charities may sell the home and use the proceeds for their work; that's fine too.

Don't overlook the value of your "stuff"! If you have tangible personal property that has value, like a special collection, documents with historical value, or museum quality art, it may be suitable to give at your death, but check with the charity first. If you give your executor or trustee directions to give autos, furnishings and household items to charities which provide such items to the poor, you will be making a charitable gift and helping someone. This is far better than leaving items on the curbside or garbage dump! The rules for tax deductions for "stuff" are a bit complicated, so if major amounts are involved, consult your attorney.

"GETTING" BUDGET: INCREASE YOUR LIFETIME INCOME

Thinking of renewing a CD at the local bank? Think again. Suppose the CD is paying you 2%, all of which is taxable. If you use it to establish a charitable gift annuity instead, you will probably get a much higher yield (the older you are, the bigger it will be), and part of that income will be free of income tax for a few years. As icing on the cake, you will get an income tax charitable deduction if you itemize. Most large charities, like hospitals, universities, and major religious organizations offer charitable gift annuities. Some charities

will offer a charitable gift annuity ("CGA") in exchange for as little as \$2,500; there is seldom a maximum. Years ago a retired school teacher client of mine transformed \$50,000 that was earning a 2% to a return above 8%, and got a handsome income tax deduction. When she dies, the charity will have a "pot" to help fund inner city scholarship funds. Which is the better deal?

If you have a larger sum to work with, you might want to consider a charitable remainder trust. Here is the deal: you put an asset in a trust, the trust pays you income for life or a term of years. When you die, charity gets what is left in the "pot". Again, there will be an income tax charitable deduction during your lifetime. If you give appreciated assets like stock or real estate that has gone up in value, the financial deal is even better. There are administrative and transaction costs associated with these gifts, but some charities will do them for a minimum contribution of \$25,000 into the trust. The sky is the limit on the upper end. There are many ways to fine tune a gift to your situation. An attorney who understands charitable giving can help you explore what is best for you.

So, even those of us "on a budget" can give, and probably give far more than we think we can. Charities are on tight budgets these days, since public spending gets cut and people's needs do not go away. I am sure the charity you support will appreciate your thoughtfulness, even if you are a "philanthropist on a budget".

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