

Opportunities Abound – Charitable Planning from the Unique Perspective of Estate Planning Professionals

Presented for:
Estate Planning Council of the Fun Coast
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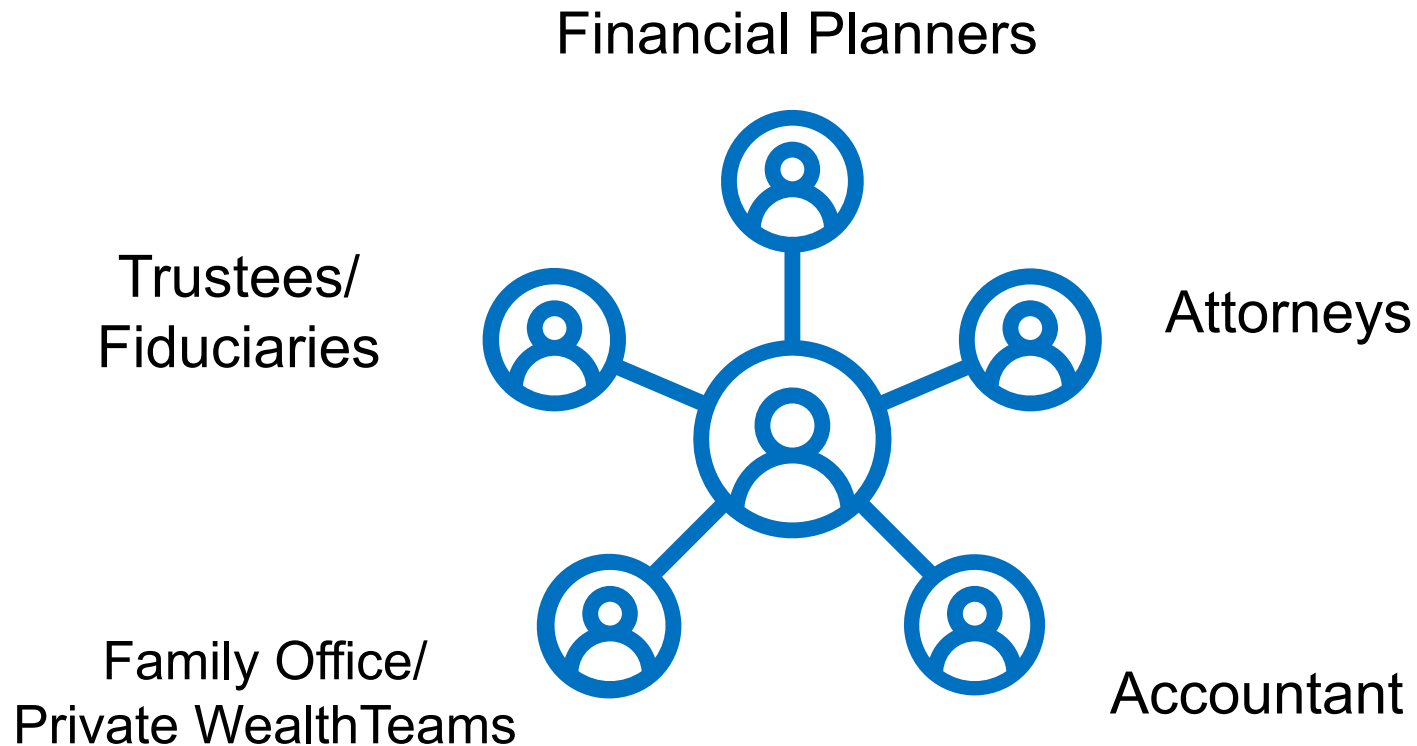
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For over 24 years, Brad Gornto has practiced law throughout Florida in the areas of complex estate planning, charitable planning, taxation business law, probate, and trust administration. In addition to his law practice, Brad is the President and Founder of Effectual Giving, LLC, which is a national consulting firm that assists large charitable organizations, philanthropic families, and allied professionals across the country in the design, consummation and funding of actual charitable planned gifts.

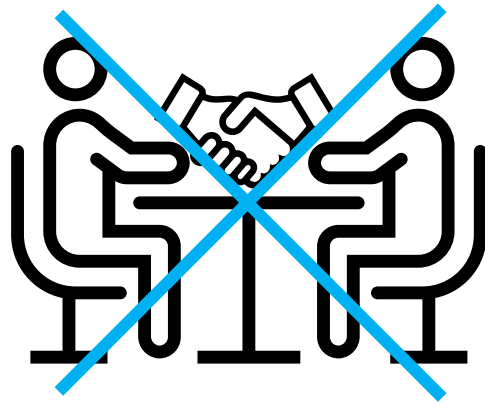
Brad earned his undergraduate degree (marketing) from Florida State University, his law degree from the University of Florida College of Law, and his Masters in Taxation (LL.M.) from the University Of Miami School Of Law.

Brad currently serves on: (i) the Board of Directors of the National Association of Charitable Gift Planners and Chair of Government Relations Committee; (iii) The Florida State University Foundation, Inc. Planned Giving Advisory Council. Brad was a 2020 recipient of the University of Florida Foundation's "Gary Gerson Award for Advisor Excellence." Brad is a past President of the Estate Planning Council of the Fun Coast, Inc., and a past President of the Charitable Gift Planners of Central Florida, as well as a past Board Member of the Down Syndrome Association of Central Florida. Brad is actively involved in his local church, Gracelife Beachside Church. Brad and his wife of 22 years, Cindy, are raising their 4 children, Bryce, Owen, Joel & Daisy Grace.

Allied Professionals? Who are They?



Charitable Gift Planning is . . .



an Ecosystem

Charitable Gift Planning Ecosystem FORCES



- Spouse & Family of Donor
- Tax/Regulatory Forces
- Economy/Business Uncertainty
- ALLIED PROFESSIONALS
- Legislative Changes
- Life Changes
- Charity's Actions/Stewardship (or lack thereof)

Charitable Gift Planning Ecosystem

THE ALLIED PROFESSIONALS



You need to know how they
THINK & FUNCTION?

THE ALLIED PROFESSIONALS

KEY THOUGHTS:

1. More likely than not, YOU KNOW MORE ABOUT CHARITABLE GIFT PLANNING THAN THEY DO.
2. POSTURE YOURSELF AS “VALUE-ADD” TO ALLIED PROFESSIONAL BECAUSE YOU ARE!
3. WHAT YOU DO WILL HELP THEM!!

Charitable Planning from the Unique Perspective of Allied Professionals

Presented for:
**ORANGE COUNTY BAR ASSOCIATION
FLORIDA BANKERS – TRUST SCHOOL
ESTATE PLANNING COUNCILS**

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Estate Planning – Key Priorities

- Who are my beneficiaries?
- How will they receive assets? Outright vs. in trust
- Who will be in charge of my estate and/or trust?
- Guardian for minor children?
- How much is too much?
- Estate tax and income taxes at death, planning considerations?
- Liquidity needs
- Special needs beneficiary planning
- Management of properties and/or businesses

- What about charitable planning?
 - Is it typically near the bottom or top of the list?
 - Do we even bring it up? *Why not?*

Keys Ideas

for Charitable Planning

- Clarity Regarding “Charity”
- Opportunity to Differentiate from Others
- TIMING is Such an Important Factor
 - For client’s objectives (tapping into the WHY?)
 - For tax savings
 - For recipient charity(ies)
 - For selecting the best Planning Tool!
- Gateway to ask Questions to “Tap In” to Client’s “Interests” & “Legacy” Genes

RECENT TRENDS for Charitable Giving

- **GREATER EMPHASIS ON INCOME TAX SAVINGS** from charitable giving compared to traditional emphasis on estate tax savings
- **THE INCREDIBLE GROWTH & POPULARITY OF DONOR ADVISED FUNDS (DAFs)**
- **INCREASED “QUALIFIED CHARITABLE DISTRIBUTIONS” (QCDs) from IRAs**
- ***PLANNING OPPORTUNITIES AS WE APPROACH JANUARY 1, 2026 SUNSET (EXEMPTION WILL DECREASE FROM \$13.6M TO \$7M+-)***

Timing is Everything with Charitable Giving

- Smart “Immediate” Charitable Gifts
 - Appreciated Securities & Real Estate – Instead of Cash (to avoid capital gains tax)
 - QCDs & the “IRA Checkbook” (for donors over 70 ½ with IRAs)
- Smart “Annual Recurring” Charitable Gifts
 - Charitable Lead Trusts (CLTs) *..particularly iCLATs*
- Smart “Deferred” or “at Death” Charitable Gifts
 - Name charity as IRA Beneficiary Instead of a Beneficiary of Will
 - Charitable Remainder Trusts (CRTs), Charitable Gift Annuities (CGAs), “Young” Pooled Income Funds (Young PIF)

Immediate Charitable Gifts

– *Donate Appreciated Assets Instead of Cash* –

Gifts of Appreciated Assets (LTCG) include: Publicly traded securities (stocks, bonds, and mutual funds), real property, LLC/business interests

- Client receives FMV charitable deduction AND avoids capital gains taxes altogether on future sale by charity
- IRS CONCERN: “Pre-Arranged Sale Doctrine” & Assignment of Income....
 - 2023 Tax Court Decision (Closely-Held Entity Interests):
 - *Hoenshield v. Commissioner, T.C. Memo 2023-34*
-sale was already a “Practical Certainty” on date of gift

IMMEDIATE CHARITABLE GIFTS

- Qualified Charitable Distributions (QCDs) -

If you are older than 70 1/2 then you can make gifts directly from your IRA to your favorite charities!

Qualified Charitable Contributions QCD's:

- Satisfy annual "required minimum distribution" (RMD) requirements
- Avoids taxes on RMDs from IRAs – no charitable deduction
- Easy tax - savvy and efficient way to support charity

ESSENTIAL FACTS for QCDs

- Must be at least 70 1/2 years old when the QCD gift is made.
- Total QCDs cannot exceed \$100,000 per taxpayer each year.
- QCDs offset Required Minimum Distribution (RMDs), but will NOT be treated as taxable income.

IMPORTANT...you also will remain in a lower tax bracket (also helps with various benefits and entitlements - Medicare, SS, VA etc.)

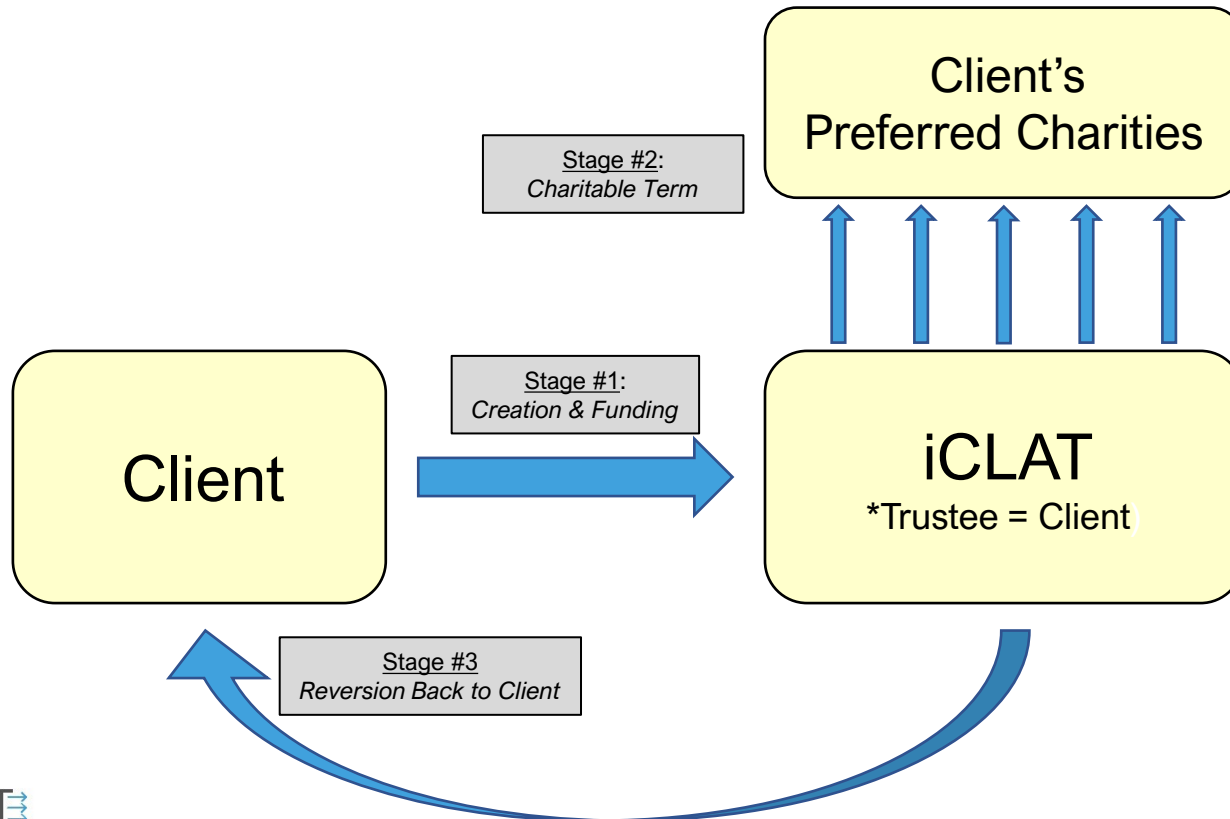
- Must be made directly from an IRA custodian to Charity (not allowed to be made to “donor advised funds”)
- NOT available for 401k, 403b plans. However, you can convert your plan to an IRA and then start making QCDs

Give on Annual or Recurring Basis
- iCLAT[®] -

Client Value-Add Opportunity

income tax savings NOW
from *future* annual gifts to charity

Basic Structure of an iCLAT: 3 Stages





Who are ideal clients?

Clients who regularly give \$10,000 or more each year to charity
(including to their place of worship, DAF, or private foundation)

AND

- **Ideal Scenario #1: Spike Income Tax Event**

OR

- **Ideal Scenario #2: High-Income Client Retiring This Year**



Client Case - Peter

- **Facts:** Peter regularly gives \$40,000 annually to his favorite charities (including his church) and he anticipates continuing this level of annual giving for at least the next 12 years. Based on the advice of his financial planner and CPA, Peter decided to convert his \$1M traditional IRA to a ROTH IRA earlier this year. Peter is a Georgia resident and he has a donor advised fund.

iCLAT Illustration - Economic Schedule

Client Name:		Peter
Value of Assets Contributed to iCLAT:	\$	500,000
Type of Assets Contributed to iCLAT:	Cash & Marketable Securities	
Desired Term of iCLAT (# of Years)	12	
Annual Payments to Charity:	\$	40,000
Preferred Charity (if any):	Donor Advised Fund (DAF)	
Assumed Annual Income /Growth Rate:	3.0% 2.0%	5%
IRS §7520 Interest Rate:	Jun-23	4.2%



Year	Beginning		Assumed Net Income		Assumed Growth		Annual Charitable Distributions to Peter's Donor Advised Fund (DAF)		Year-End Principal	Net Growth in Principal	Tax Savings from iCLAT Deduction Invested for Term of Years	Combined Value of iCLAT Assets & Invested Tax Savings Generated by iCLAT	
	Principal		Rate	Amount	Rate	Amount							
1	\$	500,000	3.0%	\$ 15,000	2.0%	\$ 10,000	\$	40,000	\$	485,000	\$ (15,000)	\$ 137,301	\$ 622,301
2	\$	485,000	3.0%	\$ 14,550	2.0%	\$ 9,700	\$	40,000	\$	469,250	\$ (15,750)	\$ 144,166	\$ 613,416
3	\$	469,250	3.0%	\$ 14,078	2.0%	\$ 9,385	\$	40,000	\$	452,713	\$ (16,538)	\$ 151,374	\$ 604,087
4	\$	452,713	3.0%	\$ 13,581	2.0%	\$ 9,054	\$	40,000	\$	435,348	\$ (17,364)	\$ 158,943	\$ 594,291
5	\$	435,348	3.0%	\$ 13,060	2.0%	\$ 8,707	\$	40,000	\$	417,116	\$ (18,233)	\$ 166,890	\$ 584,006
6	\$	417,116	3.0%	\$ 12,513	2.0%	\$ 8,342	\$	40,000	\$	397,971	\$ (19,144)	\$ 175,235	\$ 573,206
7	\$	397,971	3.0%	\$ 11,939	2.0%	\$ 7,959	\$	40,000	\$	377,870	\$ (20,101)	\$ 183,997	\$ 561,866
8	\$	377,870	3.0%	\$ 11,336	2.0%	\$ 7,557	\$	40,000	\$	356,763	\$ (21,107)	\$ 193,196	\$ 549,960
9	\$	356,763	3.0%	\$ 10,703	2.0%	\$ 7,135	\$	40,000	\$	334,602	\$ (22,162)	\$ 202,856	\$ 537,458
10	\$	334,602	3.0%	\$ 10,038	2.0%	\$ 6,692	\$	40,000	\$	311,332	\$ (23,270)	\$ 212,999	\$ 524,331
11	\$	311,332	3.0%	\$ 9,340	2.0%	\$ 6,227	\$	40,000	\$	286,898	\$ (24,433)	\$ 223,649	\$ 510,547
12	\$	286,898	3.0%	\$ 8,607	2.0%	\$ 5,738	\$	40,000	\$	261,243	\$ (25,655)	\$ 234,831	\$ 496,075
TOTALS				\$ 144,746		\$ 96,497	\$	480,000	\$	261,243	\$ (238,757)		

Current Year "Immediate" Charitable Income Tax Deduction	\$	371,084
Federal Income Tax Savings <small>U.S. Rate: 37%</small>	\$	137,301
State Income Tax Savings <small>Georgia Rate: 5.75%</small>	\$	21,337
TOTAL IMMEDIATE INCOME TAX SAVINGS*	\$	158,638
<small>*To receive ALL income tax savings on 2023 tax return, AGI needs to be at least: \$1,236,947</small>		
Value* of iCLAT Assets at End of Term to Revert to Client	\$	261,243
<small>*Illustrated value, not a guaranteed value</small>		
Total Charitable Distributions to Donor Advised Fund (DAF)	\$	480,000

- ✓ **\$358,564 in Immediate Charitable Deduction**
- ✓ **\$132,669 in Immediate Tax Savings**
- ✓ **\$261,243 "Reverts" Back to Peter at end of the iCLAT term (at 5% ROR)**
\$331,300 at 6% ROR
\$410,557 at 7% ROR

IMMEDIATE YEAR 1 Charitable Income Tax Deduction
Currently Generated by an iCLAT®

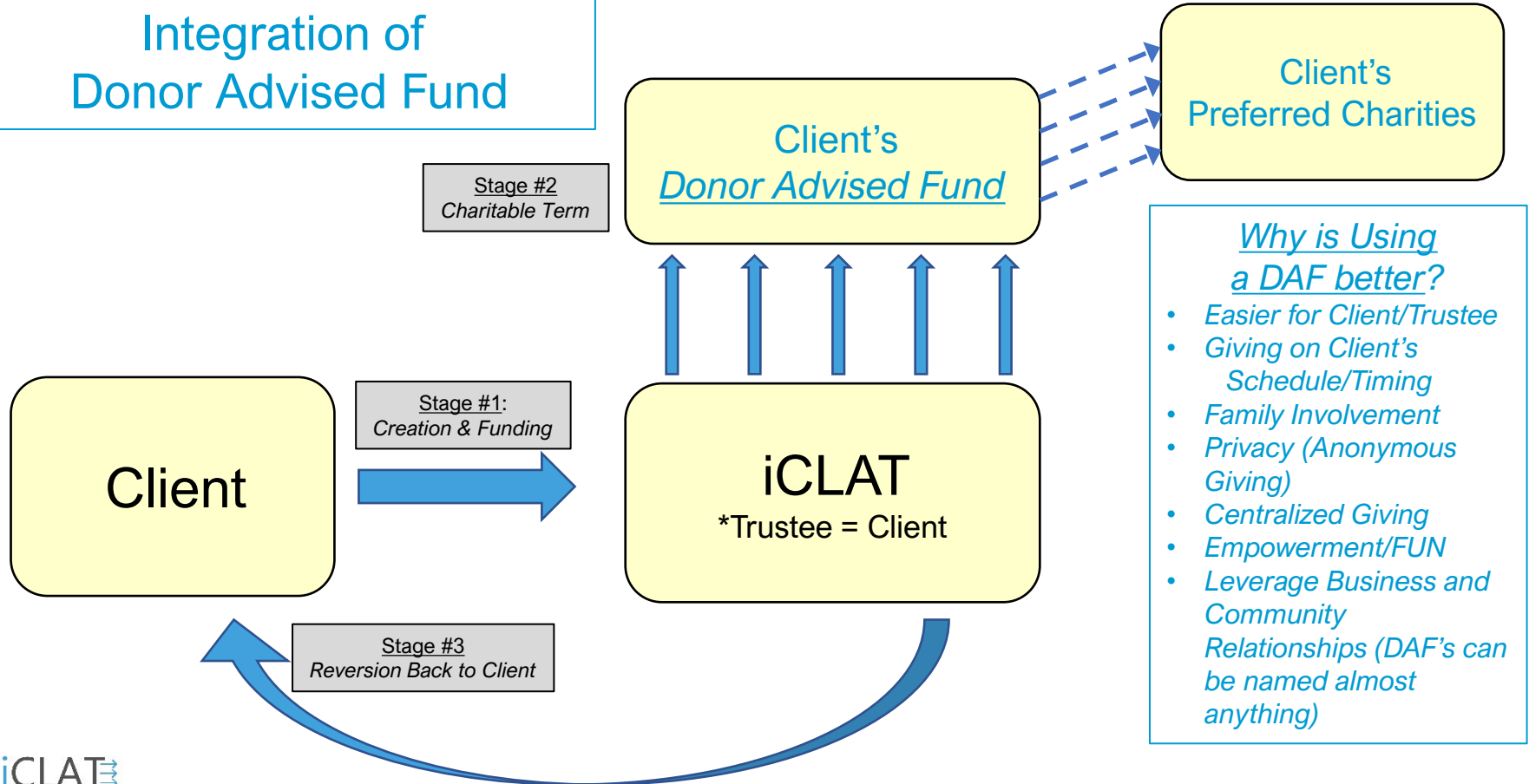
Term of the iCLAT (Years)	ANNUAL Charitable Distributions from iCLAT	TOTAL Charitable Distributions from iCLAT	IMMEDIATE Year 1 Charitable Deduction	% of the IMMEDIATE Charitable Deduction <i>*Compared to total distributions to charity</i>
3 Years	\$25,000/year	\$ 75,000	\$68,338	91.1%
5 Years	\$25,000/year	\$125,000	\$108,838	87.1%
7 Years	\$25,000/year	\$175,000	\$145,713	83.3%
10 Years	\$25,000/year	\$250,000 →	\$194,933	77.8%
15 Years	\$25,000/year	\$375,000	\$263,035	70.0%
20 Years	\$25,000/year	\$500,000 →	\$316,908	63.4%

**Based on the IRS 7520 Rate of 4.8% (Feb. 2024 Rate, which remains available through the end of April 2024).*

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Enhanced iCLAT Structure: Integration of Donor Advised Fund



- Why is Using a DAF better?
- Easier for Client/Trustee
 - Giving on Client's Schedule/Timing
 - Family Involvement
 - Privacy (Anonymous Giving)
 - Centralized Giving
 - Empowerment/FUN
 - Leverage Business and Community Relationships (DAF's can be named almost anything)



Give on Annual or Recurring Basis - Donor Advised Funds -

What is a **donor advised fund**? (simple working definition):

- A donor advised fund (DAF) is a separate fund established by a client with a public charity sponsor to which clients may contribute, provide *non-binding recommendations* for grant distributions to public charities, and/or investment options for the DAF assets

IRS Definition for a “donor advised fund”?

IRC Sec. 4966(d)(2)

- A donor advised fund is a fund or account: (1) that is separately identified by reference to contributions of a donor or donors; (2) that is owned and controlled by a “sponsoring organization”; and (3) with respect to which a donor or donor's designee has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in the fund by reason of the donor's status as a donor.
- A “sponsoring organization” is a charitable organization that is not a private foundation and that maintains one or more donor advised funds

DAF Benefits to the CLIENT

- Simplicity & Reduced Costs to Become a Philanthropist
- Anonymity (privacy for grants & no IRS Form 990s)
- Giving on Client's TIMEFRAME (not calendar year)
- DONOR EMPOWERMENT, CONVENIENCE & RESEARCH
- PRIVATE FOUNDATION CONVERSIONS
 - Reasons: PF now unnecessary, dysfunctional, hemorrhaging
- Use of DAF for Business/Charity Leveraging
- “Wizard of Oz” Family Charitable Foundation

DAF Benefits to the Attorney

- OPPORTUNITY to DIFFERENTIATE & Get Foot in the Charitable Planning Specialty
- Deepen Relationships with Clients, Community Foundations, and Charities in Your Area
- IDEAL 'ESTATE PLANNING CLIENT' DEMOGRAPHIC
- Multi-Generational Family Involvement Retention
- Successor Advisors on DAF = Future Clients
- Makes Other Charitable Tools More Flexible and Beneficial to the Family (like a BETTER ENGINE IN A CAR)

<u>Factor or Issue</u>	<u>Donor Advised Fund</u>	<u>Private Foundation</u>
Start-Up Fees and Complexity	Minimal paperwork and usually can be established with less than \$2,500 and an initial deposit	Substantial legal fees and other start-up costs involved. Typically takes many months to create and get 501(c)(3) determination letter
Ongoing Administrative & Management Fees	Varies with parent organization and level of service; typically low	Extensive ongoing fees and time involved to administer. Must file annual tax returns; conduct meetings, to manage and administer all functions
AGI Limits for Claiming Charitable Income Tax Deduction for Contributions	<u>50%</u> of AGI (adjusted gross income) for cash gifts, <u>30%</u> for gifts of assets, securities or real property	30% of AGI for cash gifts; <u>20%</u> for gifts of assets, securities or real property
Required Annual Distributions to Charities	NONE	Must expend 5% of net assets valued annually, regardless actual investment returns
Privacy Benefits	Complete confidentiality available for client and for the grant recipient charities	No anonymity. Annually filed Form 990s are public records for grants, expenses, staff salaries, etc.
Excise Tax	NONE	Excise tax of 1% to 2% of net investment income. Punitive penalties
Valuation of Gifts	Fair Market Value (provided client owned contributed asset more than 1 year)	Fair market value for cash and publicly traded stock; cost basis for other gifts including closely held stock and real estate

“Tale of the Tape” Comparison

“Bunching” 10 Years of Annual Gifts to a DAF

- \$30,000 X 10 = \$300,000 Gift
- AGI Limit: 60% Cash
- Yr. 1 Deduction: \$300,000
- Tax Savings in Yr. 1: \$111,000
- Control of Principal: NO
- 10 Year Reversion: NO
- Reversion Amount: NOTHING

10 Year iCLAT

- \$300,000 transferred to an iCLAT
- AGI Limit: 30% Cash
- Yr. 1 Deduction: \$233,909
- Yr. 1 Tax Savings: \$86,566
- Control of Principal: YES
- 10 Year Reversion: YES
- **Reversion Amount*: \$141,830**

**initial funding of \$300k & 6% annual ROR*

Deferred/Testamentary Gifts to Charity at Client's Death

- TOD/POD Beneficiary Designations on Bank & Investment Accounts to Charity
- Bequests in Last Will & Testament or Trust
- Beneficiary Designations on Life Insurance, IRA's, 401k and other retirement assets to Charity
- Reserved Life Estates in Personal Residence or Farm (current gift of remainder interest to charity)
- Charitable Gift Annuities (CGAs)
- Charitable Remainder Trusts (CRTs)
- Pooled Income Funds

Recommended Provision in Will or Trust

“Specific” Distribution to Charity

Fifty Thousand Dollars (\$50,000) cash to _____, (Federal Tax ID# ____ - _____), located at _____ (or, if applicable, at any such future applicable mailing address) to be used on an unrestricted basis by _____ If _____ (or, if applicable, any future legal successor charitable organization) is no longer operating as a non-profit charitable organization described in Sections 170(b)(1)(A), 170(c), 2055(a) or 2522(a) of the Internal Revenue Code of 1986 (as may be amended from time to time) as of the date of my death, then this specific distribution shall lapse.

Charitable Giving at Death

Beneficiary of Will vs. Beneficiary of IRA

\$500K to ORLANDO HEALTH
as a Beneficiary in a
Last Will & Testament

\$500K to ORLANDO HEALTH
as a Beneficiary of an
IRA, 401(k) or 403(b) Plan

	To Orlando Health	To Kids
IRA	\$0	\$500,000
Last Will & Test.	\$500,000	\$0
Less: Income Tax to IRS (at 35%)	\$0	(\$175,000)
Net Amount	\$500,000	\$325,000

	To Orlando Health	To Kids
IRA	\$500,000	\$0
Last Will & Test.	\$0	\$500,000
Less: Income Tax to IRS (at 35%)	\$0	\$0
Net Amount	\$500,000	\$500,000

**This very simple “planning” distinction results in \$175,000 more to kids and less to IRS!!*

“Testamentary Charitable Gifts” (Retain Lifetime Income/Benefit)

- “Retained Life Estate” Gift of Personal Residence /Farm
- Charitable Gift Annuity (CGA)
- Charitable Remainder Trust (CRT)
- Pooled Income Fund (PIF)

Give at Death (Retain Lifetime Income)

- Charitable Remainder Trust -

Different Types of CRTs:

- Standard unitrust or annuity trust (CRUT or CRAT)
- NICRUT
- NIMCRUT
- “Flip” NIMCRUT

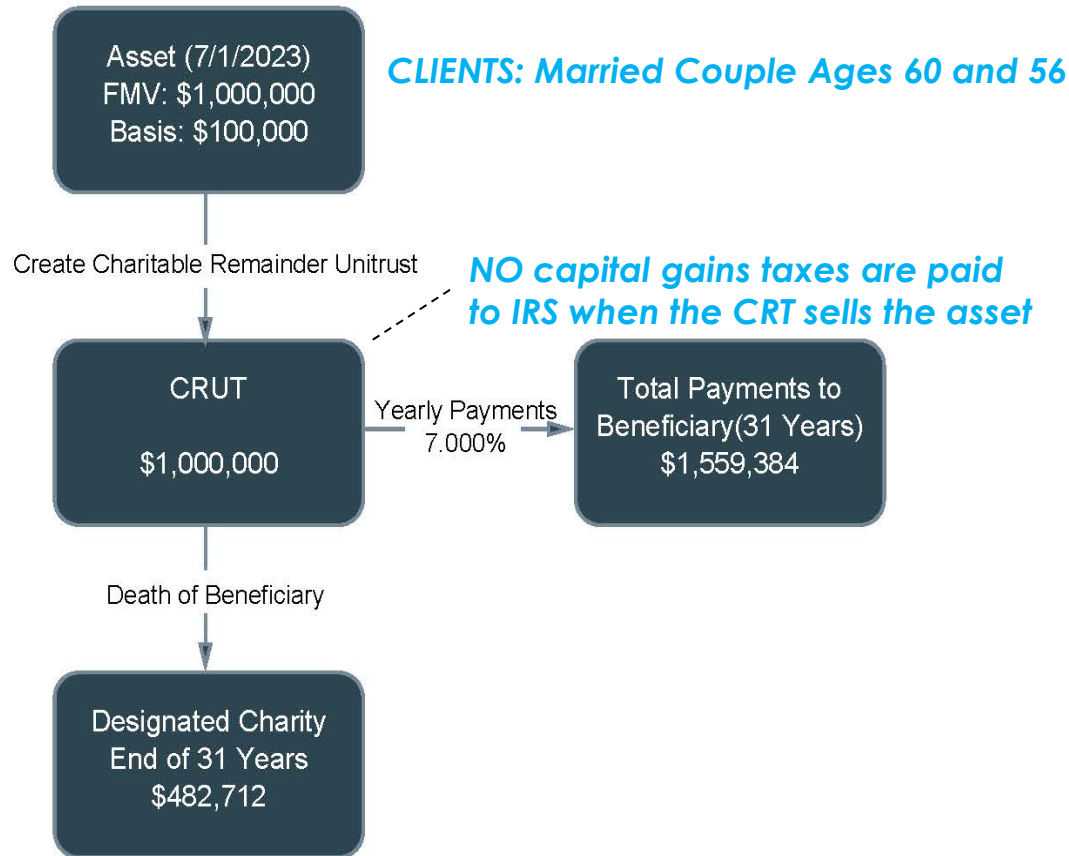
IDEAL CLIENT PROFILE:

- Wants to give to charity at death
- Owns highly appreciated stock, real property, or asset
- Wants to diversify without tax & receive income for life
- Life Insurance Trust – Wealth Replacement Strategy

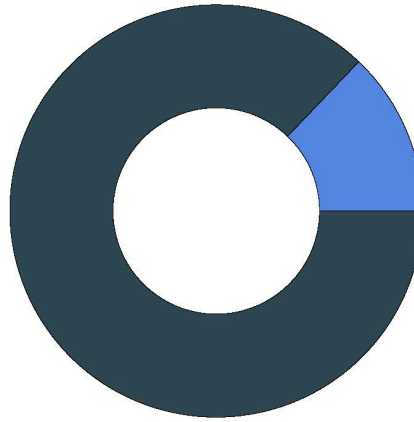
Charitable Remainder Unitrust

Payout Sequence Factor:	\$1.000000
Adjusted Payout Rate:	7.000%
Remainder Factor:	0.12874
Present Value of Remainder Interest = \$1,000,000 x 0.12874:	\$128,740.00
Donor's Deduction:	\$128,740.00
Donor's Deduction as Percentage of Amount Transferred:	12.8740%
Present Value of Succeeding Noncharitable Interests:	\$116,120.00

**IMMEDIATE
Charitable Deduction
of \$128,740**



Charitable Remainder Unitrust



■ Nondeductible ■ Deductible

Economic Schedule

Year	Beginning Principal	Principal Growth	Income Accrued/Recd	Payment Distribution	Remainder
1	\$1,000,000	\$18,600	\$28,179	\$70,000	\$976,779
2	\$976,779	\$18,168	\$27,525	\$68,375	\$954,098
3	\$954,098	\$17,746	\$26,886	\$66,787	\$931,943
4	\$931,943	\$17,334	\$26,261	\$65,236	\$910,302
5	\$910,302	\$16,932	\$25,652	\$63,721	\$889,164
6	\$889,164	\$16,538	\$25,056	\$62,242	\$868,517
7	\$868,517	\$16,154	\$24,474	\$60,796	\$848,350
8	\$848,350	\$15,779	\$23,906	\$59,384	\$828,650
9	\$828,650	\$15,413	\$23,351	\$58,006	\$809,408
10	\$809,408	\$15,055	\$22,808	\$56,659	\$790,613
11	\$790,613	\$14,705	\$22,279	\$55,343	\$772,255
12	\$772,255	\$14,364	\$21,762	\$54,058	\$754,322
13	\$754,322	\$14,030	\$21,256	\$52,803	\$736,806
14	\$736,806	\$13,705	\$20,763	\$51,576	\$719,697
15	\$719,697	\$13,386	\$20,280	\$50,379	\$702,985
16	\$702,985	\$13,076	\$19,810	\$49,209	\$686,661
17	\$686,661	\$12,772	\$19,350	\$48,066	\$670,716
18	\$670,716	\$12,475	\$18,900	\$46,950	\$655,142
19	\$655,142	\$12,186	\$18,461	\$45,860	\$639,929
20	\$639,929	\$11,903	\$18,033	\$44,795	\$625,069
21	\$625,069	\$11,626	\$17,614	\$43,755	\$610,555
22	\$610,555	\$11,356	\$17,205	\$42,739	\$596,377
23	\$596,377	\$11,093	\$16,805	\$41,746	\$582,529
24	\$582,529	\$10,835	\$16,415	\$40,777	\$569,002

Charitable Remainder Unitrust

Year	Beginning Principal	Principal Growth	Income Accrued/Recd	Payment Distribution	Remainder
25	\$569,002	\$10,583	\$16,034	\$39,830	\$555,789
26	\$555,789	\$10,338	\$15,662	\$38,905	\$542,883
27	\$542,883	\$10,098	\$15,298	\$38,002	\$530,277
28	\$530,277	\$9,863	\$14,943	\$37,119	\$517,964
29	\$517,964	\$9,634	\$14,596	\$36,257	\$505,936
30	\$505,936	\$9,410	\$14,257	\$35,416	\$494,188
31	\$494,188	\$9,192	\$13,926	\$34,593	\$482,712
Summary	\$1,000,000	\$414,350	\$627,746	\$1,559,384	\$482,712

Total amount
to clients

Total amount
to charity after
death of clients

*****Learn how to couple “wealth replacement” life insurance policies in Irrevocable Life Insurance Trusts (ILITs), particularly for life insurance professionals in the room.***

“Young” Pooled Income Funds

What is a **pooled income fund**? (simple working definition):

- a PIF is a trust created and maintained by a charity, which receives contributions of assets, commingles such assets with the assets gifted to the PIF from other donors, distributes its “income” for the lifetime one or more named persons annually, and then upon the death of the last income beneficiary, distributes the principal assets of the PIF to the charity maintain the PIF
- A PIF is similar to a CRT, but created by a charity (instead of a donor)
- BIG difference from CRTs & CGAs: the INCOME to client (lifetime beneficiary) is **variable**

What's a “Young” Pooled Income Fund?

- **It is simply a PIF that has been in existence for < 3 years**
- **For a “Young” PIF**, the donor’s current charitable income tax deduction is calculated by using an arbitrary rate defined in Treasury Regs.
 - SEE §1.642(c)-6(e)(4): the highest average 7520 rate from past 3 years reduced by 1% is how the PIF’s highest rate of return from the prior 3 years is determined)
 - The CURRENT “YOUNG” PIF RATE for 2024 is 3.8%
- **THIS IS WHY THE DEDUCTION FROM A “YOUNG PIF” IS LARGER THAN A COMPARABLE CRT**
- **For PIFs that are > 3 years old**, the donor’s charitable income tax deduction is calculated using a discount rate that is equal to the Fund’s actual highest rate of return during the past 3 years

“Young” PIF vs. Charitable Remainder Unitrust

“Young” PIF

- Facts:
 - Client Age 60
 - \$1,000,000 asset to “Young” PIF
- IMMEDIATE Charitable Deduction
 - **\$453,840**
 - *45% of Total Gift

Charitable Remainder Unitrust

- Facts
 - Client Age 60
 - \$1,000,000 asset to “CRUT w/ 6% Payout”
- IMMEDIATE Charitable Deduction
 - **\$291,340**
 - *31% of Total Gift

Comparison: “Young” Pooled Income Fund vs. CRT

Benefits to Donor/Client	“Young” Pooled Income Fund	Charitable Remainder Trust
Charitable Income Tax Deduction in Year 1	Much LARGER than a comparable CRT (or CGA)	Much SMALLER than a comparable Young PIF
Capital Gains Tax “Avoidance”	Pre-Contribution Capital Gains Taxes are completely avoided by donor	Capital gains are “trapped” in CRT, subject to the 4-tier accounting rules
Multiple Generation Planning for Donors	YES 10% Remainder requirement of CRTs does NOT apply	NO 10% Remainder requirement prevents Multi-Generational Planning
Applicable For Younger Clients/Donors (20s, 30s, and 40s)	YES (10% remainder requirement of CRTs does not apply)	NO 10% Remainder requirement prevents younger donors from using CRTs (and CGAs for that matter)
Set Up Costs & Time	NOMINAL ; only a few days need to set up	Significant up-front costs and time with attorney/CPA, annual tax returns & admin
Amount of Initial Gift	Lower Threshold (as low as \$25,000)	Higher Threshold (usually \$250,000 minimum)
Donor Control	NONE PIF must be maintained by the recipient charity (the remainder charity must be trustee or have trustee removal power)	Much greater control, the Donor can serve as trustee

Comparison: “Young” Pooled Income Fund vs. CRT

Benefits to Donor/Client	“Young” Pooled Income Fund	Charitable Remainder Trust
Structure Life Interest	Must be based on life (or lives) and must be paid each year	Can be for term (up to 20 years) or based on life (or lives); delayed, turned on & off
“Sprinkling” Life Interest	NO (only a spray distributions based on set %'s to defined beneficiaries)	YES (trustee can have discretion to “sprinkle” to class of beneficiaries)
Recipient of Life Interest	ONLY individuals	Individuals, corporations, LLCs, other trusts
Debt Encumbered Property	LESS PROBLEMS	HUGE PROBLEMS
Commingling with Other Gifts to Same Charity	YES	NO
Donor Control	NONE PIF must be run or owned by and administered by the recipient charity	Much greater control, the Donor can serve as trustee
Annual IRS Filing Requirements	NONE	IRS Forms 5227 & Form 1041 K-1s EACH YEAR

Keys Ideas

for Charitable Planning

- Clarity Regarding “Charity”
- Opportunity to Differentiate from Others
- TIMING is Such an Important Factor
 - For client’s objectives (tapping into the WHY?)
 - For tax savings
 - For recipient charity(ies)
 - For selecting the best Planning Tool!
- Gateway to ask Questions to “Tap In” to Client’s “Interests” & “Legacy” Genes

Questions?

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