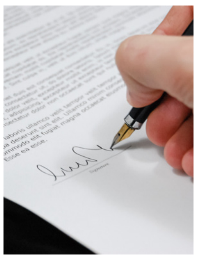
Luthercare
Together in Community
600 East Main Street
Lititz, PA 17543-2224

Phi•lan•thro•py
Luthercare Together in Community
Connecting mission through generosity
Summer 2016

Planned Giving Options – Comparing Charitable Remainder Trusts (CRTs) with Charitable Gift Annuities (CGAs). Which One is Right For You?



In articles featured in previous issues of Phi•lan•thro•py, we have highlighted various planned giving vehicles that accomplish a variety of goals for donors interested in leaving a legacy gift to a not-for-profit organization. To date, we've explored options including Bequests through a Will and Charitable Gift Annuities (CGA). In this issue, we shed light on Charitable Remainder Trusts (CRT).

As is the case with a CGA, a CRT also provides an income stream for the donor designated beneficiary(ies), has specific tax benefits and fulfills the donor's intent of providing a gift to a charitable organization of their choosing. A CRT is structured as either a Charitable Remainder Annuity Trust (CRAT) or a Charitable Remainder Unitrust (CRUT). In simple terms, the difference between them is a CRAT pays a fixed dollar amount annually to the donor designated beneficiary(ies), while a CRUT pays the donor designated beneficiary(ies) a variable amount annually based on a percentage of the trust assets in that year.

So which one is right for you – a CRUT, CRAT or a CGA? The answer is not necessarily cut and dry. As with all options for charitable giving, the right plan is as unique as the donor and his or her individual circumstances.

However, you may want to consider the following:

- **AMOUNT**
  CGAs require a lesser amount of assets to fund - typically a $10,000 minimum. Tax benefits associated with CRTs make them more attractive for larger, highly appreciated assets.

- **CONTROL**
  Both CRTs and CGAs are irrevocable, which allows for the beneficial tax treatment of the gift. With a CGA, the asset is transferred directly to the charity, who then manages–or uses a third party to manage–the asset and pays the annuity amount to the donor. With a CRT, a trust is established and managed by a designated trustee who makes income payment to the donor. During the term of the trust, donors are permitted to change the charity(ies) that will ultimately receive the asset. This is not the case with a CGA.

- **TAX BENEFITS**
  CGAs and CRTs initially receive the same tax benefits. Donors receive a partial deduction in the year the CGA or the CRT is funded and will generally avoid capital gains tax of the amount of the asset transferred. However, annuity payments made through a CGA will remain partially tax deductible, while annual income payments made through a CRT will be taxable to the recipient. It is important to note, however, that because a CRT is funded by larger, highly appreciated assets, the taxes on the income payment will be balanced by avoiding a larger capital gains tax and removing an otherwise substantial taxable asset from the donor's estate.

Gifts from the Heart

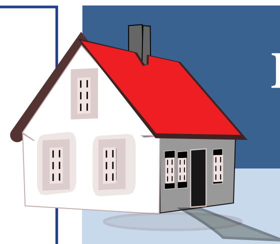
MAKING A DIFFERENCE

Gifts from the heart also change hearts and minds. Recently Luthercare was able to award two $5,000 scholarships to team members who are pursuing nursing degrees. Because of the generosity of those contributing to the Nursing Scholarship Fund, Chelsea Marderness (Spang Crest) will pursue becoming a Licensed Practical Nurse at the Lebanon County Career and Technology Center, and Dan Erb (Luther Acres) will work toward his Associate of Science of Nursing degree, becoming a Registered Nurse at the Pennsylvania College of Health Sciences. Both Chelsea and Dan are highly regarded by peers and supervisors, and we wish them the very best.

Chelsea Marderness, Spang Crest

Daniel Erb, Luther Acres

The gifts that made these scholarships possible embody a key Luthercare value - *Learning*. We place a high priority on team members learning, growing, and improving skills and abilities. As people grow from within, our teams are stronger and more vital. People receive better care and service. None of this happens in a vacuum. Checks written and gifts pledged and given have been translated into learning and growth. That is teamwork that warms the heart and makes a difference.



PLANNING YOUR FINANCIAL Legacy

In June, a number of people joined us for a very informative seminar titled "Important Conversations." These conversations are important to have with attorneys, financial advisors, family and friends about your choices and preferences. The seminar opened up many important avenues of discussion, concerning power of attorney documents, estate plans, wills and other instruments by which assets can pass to heirs and charities outside of the estate and will. The Rev. Liz Polanzke, Regional Gift Planner for the ELCA Foundation, shared some valuable resources, which we have available for you in our office.

Please contact us for copies of the following:

- Wills and Trust Workbook, ELCA Foundation.
- Important Notes about My Estate, ELCA Foundation.
- In addition we have a very helpful book titled *Provide and Protect, Important Life Decisions.* This book is a comprehensive guide to important life decisions, including family and legacy issues.

William Snyder (Vice President-Philanthropy and Community Engagement) and Christina Duncan (Director-Mission Support) stand ready to share these resources with you.

Interested in Learning More?

Luthercare's Office for Philanthropy is a valuable resource as you explore ways to structure your financial legacy. Our Philanthropy team is available to work with you to identify gift planning options that fit your situation and meet your needs.
To schedule an informational visit, please contact us:

Office for Philanthropy:

717.626.1171 ext. 1624

Our Mission:

Luthercare reflects Christ's love through service to others.