HOW YOU CAN HELP

WITH OUR PLANNED GIVING PROGRAM

Prevent Child Abuse New Jersey™

Prevent Child Abuse
New Jersey™

Founded in 1979, our programs annually serve tens of thousands of children and families in all 21 New Jersey counties.

PCA-NJ is the New Jersey chapter of Prevent Child Abuse America, a network of chapters in all 50 states.

OUR MISSION

PCA-NJ is the only statewide nonprofit dedicated to preventing child abuse and neglect in all forms for all New Jersey children.

OUR VISION

We envision a world where every child has a happy, healthy and safe childhood free of abuse and neglect.

Many of our supporters tell us that they'd like to make a donation, or even a larger donation...but their current needs, whether it be children in school or college or other daily expenses, prevent them from being able to do so. Many individuals would be willing to consider making a significant gift to their favorite charity as part of their estate planning, maybe as a small percentage from a larger estate. We've heard from donors who would like to learn more about more creative ways to gain a tax benefit from their assets, such as stocks, bonds, or life insurance policies and how they could gain a tax advantage from making a gift now...or later.

All of these questions are part of a new effort at PCA-NJ to help our supporters learn about new and creative ways they can consider making a donation to our cause, to help families and children in New Jersey, called "planned giving."

What is a "Planned" Gift?

- A gift that combines your personal, financial, and estate planning goals with your lifetime or testamentary philanthropy goals.
- An opportunity to realize additional tangible benefits of charitable giving such as lifetime income, asset conversion and family protection.

How does a Planned Gift differ from an Annual Gift?

PLANNED GIFT

Lesser known way to give
Usually a one-time event
Can range from simple to complex
Can be a current or deferred gift
Flexible gift plan design
Many uses and benefits

ANNUAL GIFT

Traditional way to give
Recurring request for gift
Limited paperwork
Direct gift to the charity
Less flexibility for gift design
Limited uses and benefits

COMMON TYPES OF PLANNED GIFTS

- Testamentary Bequest
- Charitable Gift Annuity (CGA)
- Charitable Remainder Trust (CRT)
- Charitable Lead Trust (CLT)
- Life Estate Reserved (Gift of Remainder)

→ TESTAMENTARY BEQUEST

A testamentary bequest is a gift made to PCA-NJ at the time of the donor's death through the use of an estate planning document such as a will or a trust. This is the most straight-forward type of planned gift and one of the easiest to implement. A donor can retain ownership and use of property during their lifetime and still benefit PCA-NJ by leaving the property to the agency upon donor's death.

The Benefits

- Gift to PCA-NJ: PCA-NJ receives cash or property to be used to advance the mission of protecting children statewide from child abuse and neglect.
- Estate Tax Deduction: The amount given to PCA-NJ is not subject to federal estate tax or state estate/inheritance tax. Your estate gets a deduction for the amount or value of the property left to PCA-NJ and this can actually reduce your potential death tax liability to ZERO!
- Preserves Lifetime Flexibility: You are able to use and control property during your lifetime.

The Details

You can leave property to PCA-NJ by including a bequest in your will or trust or in the case of property that passes by beneficiary designation (such as individual retirement accounts or a life insurance policy), by designating PCA-NJ as the beneficiary.

Suggested Provisions to Include in a Will or Trust:

Unrestricted Bequest of Cash

"I give to PCA-NJ, a non-profit organization located in New Brunswick, NJ, the sum of $_______, to be used as determined by the Board of Trustees of PCA-NJ to be in the best interests of the Agency (in accordance with its charitable purposes)."

Bequest of Cash with Restriction (specific purpose)

"I give to PCA-NJ, a non-profit organization located in New Brunswick, NJ, the sum of $_______, to be used for the purpose of [insert restriction] (in accordance with its charitable purposes)."

Please note: If you would like to consider the establishment of a scholarship fund or any other type of restricted use fund with the proceeds from your bequest, we would be glad to develop a non-binding fund description agreement for you prior to the completion of your estate planning document that details the use and application of the distributions from the fund you wish to establish.

Unrestricted Bequest of Balance of Estate

"I give to PCA-NJ, a non-profit organization located in New Brunswick, NJ, the rest, residue and remainder of my estate, both personal and real, wherever located at the time of my death, to be used as determined by the Board of Trustees of PCA-NJ to be in the best interest of the Agency (in accordance with its charitable purposes)."

Bequest of Balance of Estate with Restriction (specific purpose)

"I give to PCA-NJ, a non-profit organization located in New Brunswick, NJ, the rest, residue and remainder of my estate, both personal and real, wherever located at the time of my death, to be used for the purpose of [insert restriction] (in accordance with its charitable purposes)."

Bequest of Real Estate

"I give to PCA-NJ, a non-profit organization located in New Brunswick, NJ, the following parcel(s) of real estate located in [Name] County, [State] and legally described as follows:
[LEGAL DESCRIPTION(S) HERE]

Suggested Language for Beneficiary Designation

"PCA-NJ, a non-profit organization located in New Brunswick, NJ, the amount of $______ or ______% of my residual estate.

→ CHARITABLE GIFT ANNUITY (CGA)

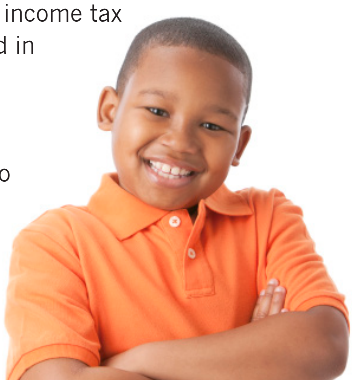
In exchange for a gift of cash or property, PCA-NJ agrees to make fixed, equal payments for life to the donor. A donor can make a gift to PCA-NJ and will receive regular interest payments to supplement income.

The Benefits

- Fixed Payments for Life: A gift annuity contract provides fixed payments to one or two individuals for life.
- Partly Tax-Free Payments: A portion of each gift annuity payment to the donor is usually tax-free (i.e., not subject to income tax).
- Rates by Age: Annual gift annuity payouts are based on donor's age (rates are usually higher than prevailing interest rates on certificates of deposit and are even higher for older donors).
- Tax Deduction: The donor receives a current federal income tax deduction for a portion of the cash or property used in making the gift to PCA-NJ.

Who Benefits?

PCA-NJ donors who desire fixed payments for life, or who have cash (e.g., certificates of deposit or money market accounts) or appreciated property (stocks, real estate) that produce little or no income.



The Details
A charitable gift annuity (CGA) is a contract between a donor and PCA-NJ.

Duration
A donor gives cash or appreciated property to PCA-NJ. In exchange, the Agency makes fixed payments for the lifet ime(s) of one or two individuals.

Payout Rate
Gift annuity payments are not dependent upon the investment rate of return earned by PCA-NJ; instead, the payments are based on a rate schedule. Like many charities, PCA-NJ uses a rate schedule set by the American Council on Gift Annuities ("ACGA"). Under the ACGA's rate schedule, the older a person receiving the gift annuity payments, the higher the fixed rate on the annuity.

Taxation of Payments
If the gift is of cash, part of the payment will be taxed as ordinary income and part will be tax-free. If the gift is appreciated securities or real estate held more than one year and the donor receives the annuity payments, part of the payments will be ordinary income, part will be capital gain and part may be tax-free.

Timing
A gift annuity contract can begin making payments immediately (a "current gift annuity") or defer payments for at least one year (a "deferred gift annuity").

→ CHARITABLE REMAINDER TRUST
A trust that receives cash or property from a donor makes payments of income to one or more individuals during their lifetimes or for a term of years and then distributes the remaining cash or property to PCA-NJ upon death of the individuals or expiration of the term.

The Details
A donor wants to turn appreciated property that produces little or no income into a productive asset without paying capital gains tax on the sale of the property. The Agency's or donor's attorney drafts a charitable remainder trust, also known as a CRT. Once the CRT is created, the donor transfers cash or appreciated property to the CRT. The CRT is a tax-exempt trust that can sell the appreciated property without paying capital gains tax.

A Solution
A donor contributes the appreciated property to a CRT that will sell the property tax-free and then make payments to the donor or other named individual(s) for life or for a term of years. The CRT can be created during the life of the donor or under the donor's Will.

The Benefits

- Bypass Gain: Trust sells property tax-free.
- Increased Income: Trust pays a percentage of its value to the trust beneficiary.
- Charitable Tax Deduction: Donor receives a current federal income tax deduction if CRT is created during life or an estate tax deduction if the CRT is created under the donor's Will.

Who Benefits?

PCA-NJ donors with cash or appreciated property of significant value who want to make a gift of property, minimize capital gains tax on the sale of a property and retain an income stream from the property.

Duration

A CRT can last for the lifetimes of one or more beneficiaries or for a specific term of years, not to exceed 20 years.

Annuity vs. Unitrust Payout

Each year, a CRT pays either an annuity amount or unitrust amount to its beneficiaries. A charitable remainder annuity trust (CRAT) pays a fixed dollar amount each year. By contrast, a charitable remainder unitrust (CRUT) pays a different amount each year in most cases; this amount is equal to a fixed percentage of the trust value at the beginning of the year in which the payment is made. If a CRT is created, additional costs can be gifted to the CRT after the initial funding. With a CRT, only an initial contribution/gift can be made.

Taxation of Payouts

CRT payouts are taxed to the beneficiary as ordinary income, capital gain, tax-free income and/or return of principal (the individual initial money or property contributed to the trust). Most CRT payouts are taxed to the beneficiary as ordinary income and/or capital gain. It is rare for a CRT beneficiary to receive tax-free income or return of principal.

Payout Flexibility

An annuity trust, or CRAT, offers no flexibility in determining the payout amount after the donor selects what the initial payout amount will be. For example, a CRAT establishing a 6% payout on an initial funding amount of $100,000 will payout $6,000 per year for the term of the trust. A fixed percentage of the initial CRT value must be distributed each year. A unitrust, or CRUT, on the other hand, offers four flexible payout options. A standard CRUT in most cases pays a fixed percentage of the trust value at the beginning of the year in which the payment is made. A net income trust (NICRUT) pays the lesser of the trust's net income for the year or the standard payout amount. A net income with makeup trust (NIMCRUT) is like a NICRUT but, in some cases, can make additional distributions. Finally, a FLIP trust pays like a NIMCRUT until a certain date or event and then "flips" to pay like a standard CRUT. The type of CRUT that is best for you can be determined in conjunction with your estate planning attorney or other financial advisor.

➔ CHARITABLE LEAD TRUST

A trust that receives cash or property from a donor, makes payments to PCA-NJ for a specified period and, at the end of the period, distributes the trust property to a specified beneficiary, usually family. This can be established by the donor during life or under the donor's Will.

The Details

A donor can give property to his/her family and pay as little gift or estate tax as possible. The donor contributes property to a trust that will make distributions to PCA-NJ for a specified term and ultimately distribute the property to the donor's family.

The Benefits

- Pass Appreciation to Family: Donor gives property to a lead trust and after payments to charity, that property plus growth passes to his or her family with no additional tax.
- Gift or Estate Tax Deduction: Donor receives a current federal gift or estate tax deduction for the present value of the payments that will go to PCA-NJ.

Who Benefits?

PCA-NJ donors who want to pass specific property that is expected to grow substantially to family at low gift or estate tax cost. A lead trust is ideal for persons with estates of three million or more.

The Details

An attorney drafts a charitable lead trust (CLT). Once the CLT is created, the donor transfers cash or property to the CLT. Unlike a CRT, a CLT is a taxable trust. Every year of the trust term, the CLT will report its income either taxable to the donor or to the trust and then take a deduction for the amount that it distributes to PCA-NJ; any excess is subject to tax.

Duration

A CLT can last for the lifetimes of one or more beneficiaries or for a specific term of years.

Annuity vs. Unitrust Payout

Each year, a CLT pays either an annuity amount or unitrust amount to PCA-NJ. A charitable lead annuity trust (CLAT) pays a fixed dollar amount to the Agency each year. By contrast, in most cases a charitable lead unitrust (CLUT) pays a different amount each year to PCA-NJ; this amount is, in most cases, equal to a fixed percentage of the trust value at the beginning of the year in which the payment is made.

Lead Trust Types

There are two basic types of CLTs: a non-grantor or family CLT and a grantor CLT. A non-grantorfamily CL T, described above, receives property and, ultimately, distributes it to someone other than the donor upon expiration of the charitable term. No income tax deduction is available to a donor who creates a non-grantor or family CLT. A grantor CLT, not described above, receives property and, ultimately, returns it to the donor. The donor of the grantor CLT gets an income tax deduction when he creates the trust. When the grantor CLT calculates its income each year; however, the donor has to report this income on his or her personal income tax return even though he or she did not receive any of the income. The benefit of a grantor CLT is a large current income tax deduction which can offset a donor's high income in the year the trust is created.

→ LIFE ESTATE RESERVED

PCA-NJ accepts gifts of real property (personal residence or other real estate property) and the donor retains the right to use the property for his or her lifetime. A donor may desire to leave his or her home or property to PCA-NJ at death but would like a current tax benefit. Donors can deed a house or property to PCA-NJ but keep the right to use the house or property for their remaining lifetime.

The Benefits

- Tax Deduction: Donor receives a current federal income tax deduction for the remainder value of the home or property.
- Preserves Lifetime Use: Donor is able to use and control home or property while alive.

Who Benefits?

PCA-NJ donors who have enough liquid assets available for living expenses and who desire a current income tax deduction.

The Details

A donor executes a deed transferring a house or property to PCA-NJ. In the deed, the donor retains a "life estate," which is the right to live in the home and use it for life. At the time of the gift, the donor and PCA-NJ also enter into a "MIT," a maintenance, insurance and taxes agreement specifying the donor's responsibilities with respect to the home—including the payment of maintenance, insurance and taxes. If you desire to create a CLT, we can work with your estate planning attorney or other financial advisor to see which type of CLT is best for you.

To inform us of a planned gift or

to request more information,

please contact our Development Office:

732-246-8060 x123

Prevent Child Abuse New Jersey™

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The New Jersey Chapter of Prevent Child Abuse America

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