



Strategies For Planned Giving

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Statistics on Philanthropy

- \$390.05 billion given to charities in 2016¹

- Approximately \$30 trillion in wealth is expected to pass on from Boomers to their children and grandchildren²
 - *“Seven in 10 overall believe that giving back as a family strengthens relationships, and eight in 10 agree that familial charitable acts help instill a philanthropic drive into the next generation.”²*

- Environmental, Social, Governance (ESG) or Responsible Investing is gaining popularity³

Source: ¹ Giving USA 2017 report, a publication of Giving USA Foundation™, researched and written by Center on Philanthropy at Indiana University.

² “The 2017 *U.S. Trust Insights on Wealth and Worth*® survey is based on a nationwide survey of 808 high-net-worth and ultra-high-net-worth adults with at least \$3 million in investable assets, not including the value of their primary residence. Respondents were divided among those who have between \$3 million and \$5 million, \$5 million and \$10 million, and \$10 million or more in investable assets. The survey was conducted online by the independent research firm Phoenix Marketing International in January and February of 2017. Asset information was self-reported by the respondent.

³ U.S. Sustainable, Responsible and Impact Investing Trends 2016,” US SIF Foundation (The Forum for Sustainable and Responsible Investment). Calvert Research and Management, an Eaton Vance affiliate, was a sponsor of this study.

2018 Tax Planning

- Highest tax bracket is 37% (capital gains as high as 23.8% with the Medicare surtax)
- Estate, Gift and GST tax exemption is at \$11.18M for single or \$22.36M for married
- Increased limitation of 60% of Adjusted Gross Income (AGI) on cash donations
- Annual gift tax exemption is \$15k single or \$30k for joint
- Standard deductions have doubled to \$12k for single and \$24k for joint
 - “Bunching donations”
- Qualified Charitable Deduction (QCD)
- Naming a Charity or a Donor Advised Fund (DAF) as beneficiary of qualified assets

Source: Tax Foundation, January 2, 2018, <https://taxfoundation.org/2018-tax-brackets/>; Tax Cuts and Jobs Act (TCJA), The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

Income Tax Deductions – Ordinary Income Property

- Deduct basis/60% of adjusted gross income/5 year carry forward
- Cash
- Tangibles (unrelated use)
- Inventory
- Short-term capital gains (the lesser of basis or fair market value)

Source: Tax Cuts and Jobs Act (TCJA). The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

Income Tax Deductions – Long-term Appreciated Property

- Deduct fair market value/30% of adjusted gross income/5 year carry forward
- Securities
- Real estate*
- Tangibles (related use). The concept of related use for gifts of tangible personal property is not applicable for gifts to the U.S. Charitable Gift Trust® or DAF accounts.

*Gifts of real estate may raise certain concerns and should be carefully evaluated by the donor and his/her adviser.

Source: Tax Cuts and Jobs Act (TCJA). The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

How are Americans giving?

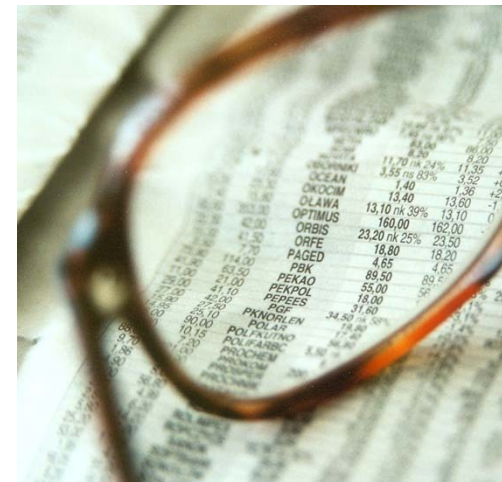
Which may be the best asset to give?



CASH



CHECK



STOCK

Hypothetical case

- A simple comparison of the income tax benefits
- A gift of \$100,000 cash vs. a long-term appreciated stock at the current top tax rates.
- Assumes
 - Income tax rate: 37%
 - Capital gains rate: 23.8%
 - Incl. 3.8% Medicare surtax

	Cash	Stock (basis = \$20,000)
Amount Charity Receives	\$100,000	\$100,000
Income Tax Savings (37% Bracket)	\$37,000	\$37,000
Capital Gains Tax Savings (23.8% Capital Gains Rate¹ - includes 3.8% surtax)	\$0 (Not Applicable)	\$19,040
Total Tax Savings	\$37,000	\$56,040
Total "Cost"² of Gift	\$63,000	\$43,960

¹Rate is applicable to long-term capital gains. Long-term capital gains are from assets held longer than one year. ²"Cost" is the net amount that the donor would effectively pay for a gift to a charity after the tax savings are factored in in this hypothetical example. Assumes top tax rate for families with income over \$600,000 (\$500,000 for single). The maximum federal long-term capital gains rate applied toward the potential recognized gain of \$80,000 is 23.8% (includes the 3.8% Medicare surtax). Deductions, phase-outs and state taxes are not taken into consideration. Clients should consult their tax advisors prior to making a contribution. Assumes that the donor is eligible to itemize his/her charitable deductions.

The Charitable Toolbox

Direct Gifts

- Cash
- Property of various classification
- Life Insurance
- Real Estate

Philanthropic Structures

- Donor Advised Funds
- Community Foundations
- Supporting Organizations

Split-Interest Vehicles

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Pooled Income Funds
- Gift Annuities

Private Foundations

- Private Operating Foundations
- Private Family Foundations

Source: Nuveen Investments Wealth Management Services

For informational use only. Not all charitable giving programs or alternatives listed are offered by The U.S. Charitable Gift Trust or its sponsor, Eaton Vance.

Direct Gifts

- Lifetime or at death
- Fairly straightforward
- Can be cumbersome if non-cash gift
- Income tax deductions

Source: Tax Cuts and Jobs Act (TCJA). The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

Community and Private Foundations

Community Foundations

- Local Expertise

Private Foundations

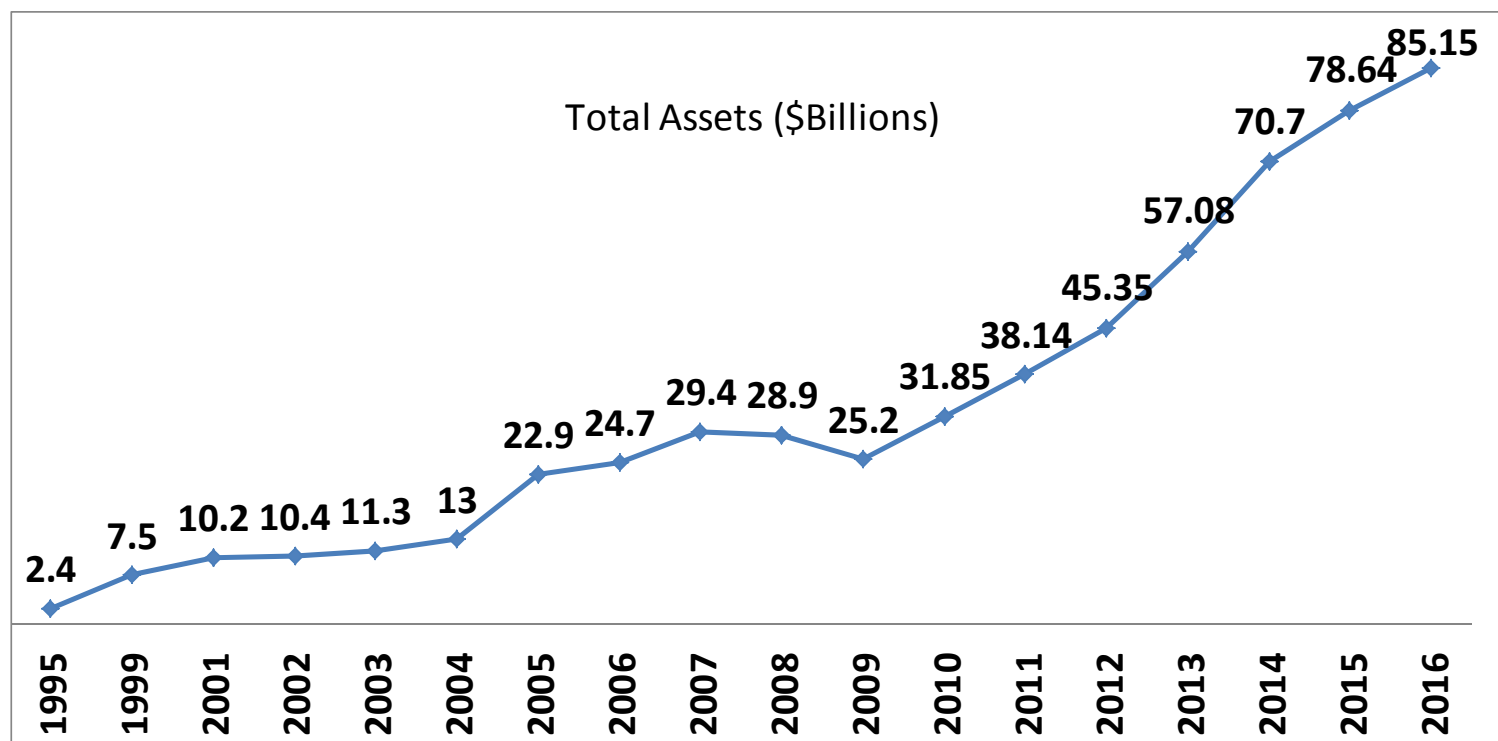
- Individualized governance and mission/charitable purpose
- Subject to excise taxes

Private Foundations - Continued

- Costs
- Excise tax (Self-dealing; Excess Business Holdings; Jeopardy Investments; and Taxable Expenditures)
- 5% minimum distribution
- Reduced tax benefits vs. gift to public charity 30/20 vs. 60/30
- Public record (Form 990-PF)

Source: Tax Cuts and Jobs Act (TCJA). The Tax Cuts and Jobs Act, Communications and Policy Details, U.S House of Representatives, Committee on Ways and Means, 2018.

The Boom in Donor Advised Funds

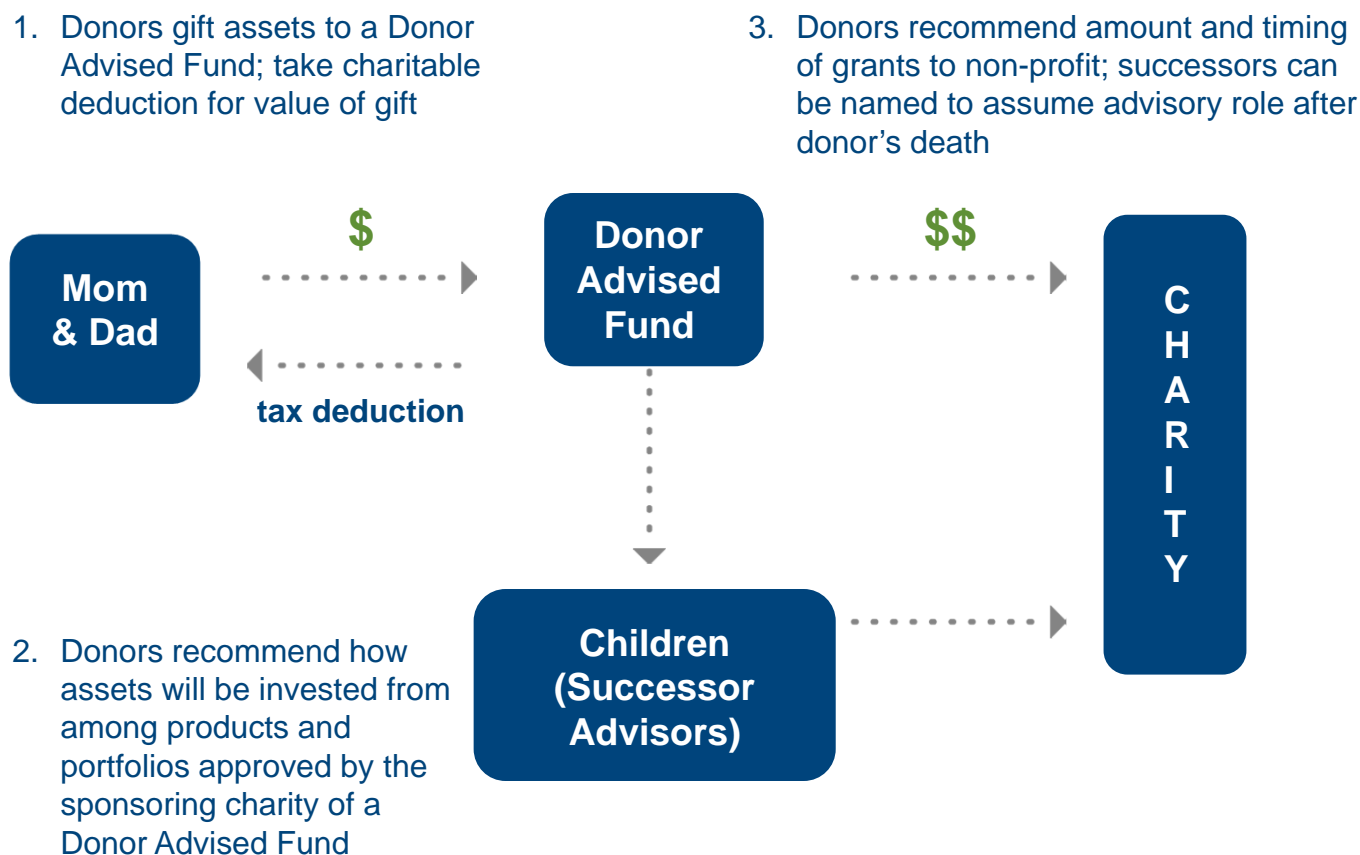


Source: National Philanthropic Trust, Donor Advised Fund Report 2017

Donor Advised Funds – Turnkey Way to Give Securities

- Inexpensive
- Some flexibility
- Income tax deductions
- Contributions and grants are reported on the Form 990. Individual DAF accounts are not required to make filings, however, there is reporting at a trust level.

Donor Advised Fund



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Split Interest Vehicles

- Two distinct beneficial interests – donor and charity/ income and remainder
- Current beneficiary receives income stream (income interest)
- Remainder beneficiary receives assets at end of term (remainder interest)
- Charitable remainder interest is not taxable in donor's estate

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Major Types of Split Interest Vehicles

- Charitable Remainder Trusts
- Pooled Income Funds
- Gift Annuities
- Charitable Lead Trusts (charity receives the “lead” or income interest)

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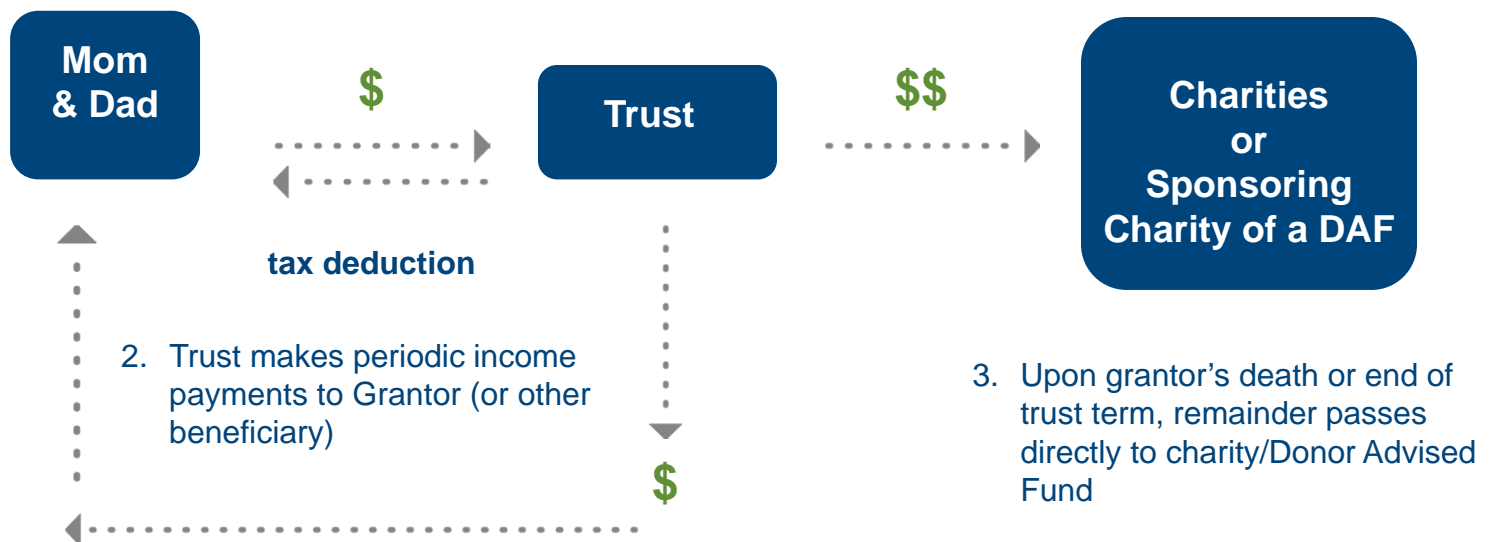
Charitable Remainder Trust

- No long term capital gains tax at the time of the gift
- Income tax deduction based on the present value of remainder interest on the date of the gift
- Flexible income
- 10% remainder - present value of the remainder interest projected to be left for charity at the conclusion of the CRT must equal or exceed 10% of the contribution amount on the date of the gift
- Costs

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Charitable Remainder Trust

1. Grantors transfer assets to trust; take charitable deduction for value of remainder interest



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Unitrust (CRUT) Vs. Annuity Trust (CRAT)

Choose a Unitrust if:

- Concerned about effect of inflation on income stream
- Want to make additional contributions
- Want income beneficiary and charity to share benefits of appreciation

Choose an Annuity Trust if:

- Desire fixed annual payments
- Want remainder beneficiary to participate in account appreciation

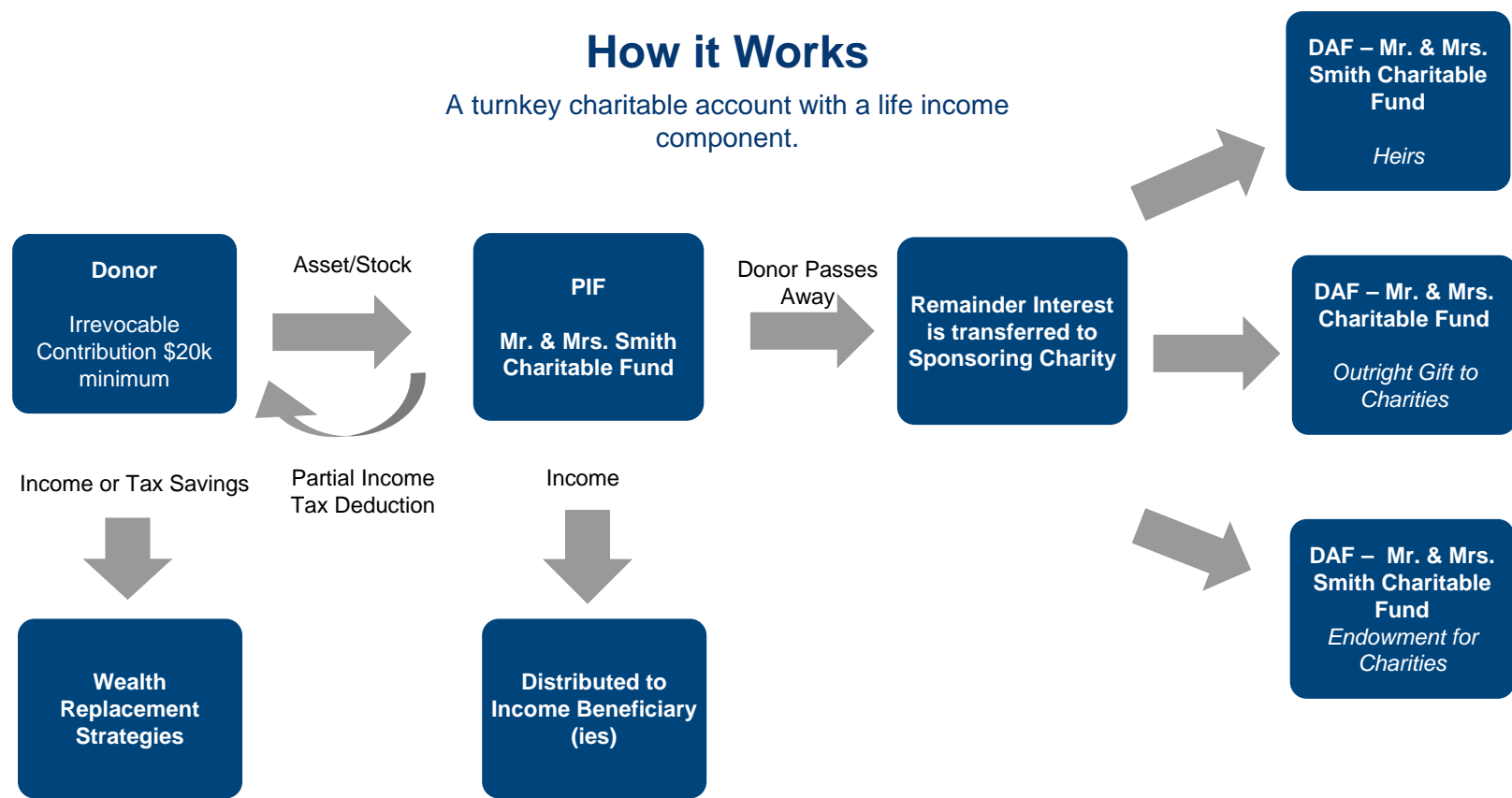
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Pooled Income Funds

- Simple, turnkey
- Inexpensive
- Income for life
- Distributions taxed at ordinary income rates

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Pooled Income Fund Account

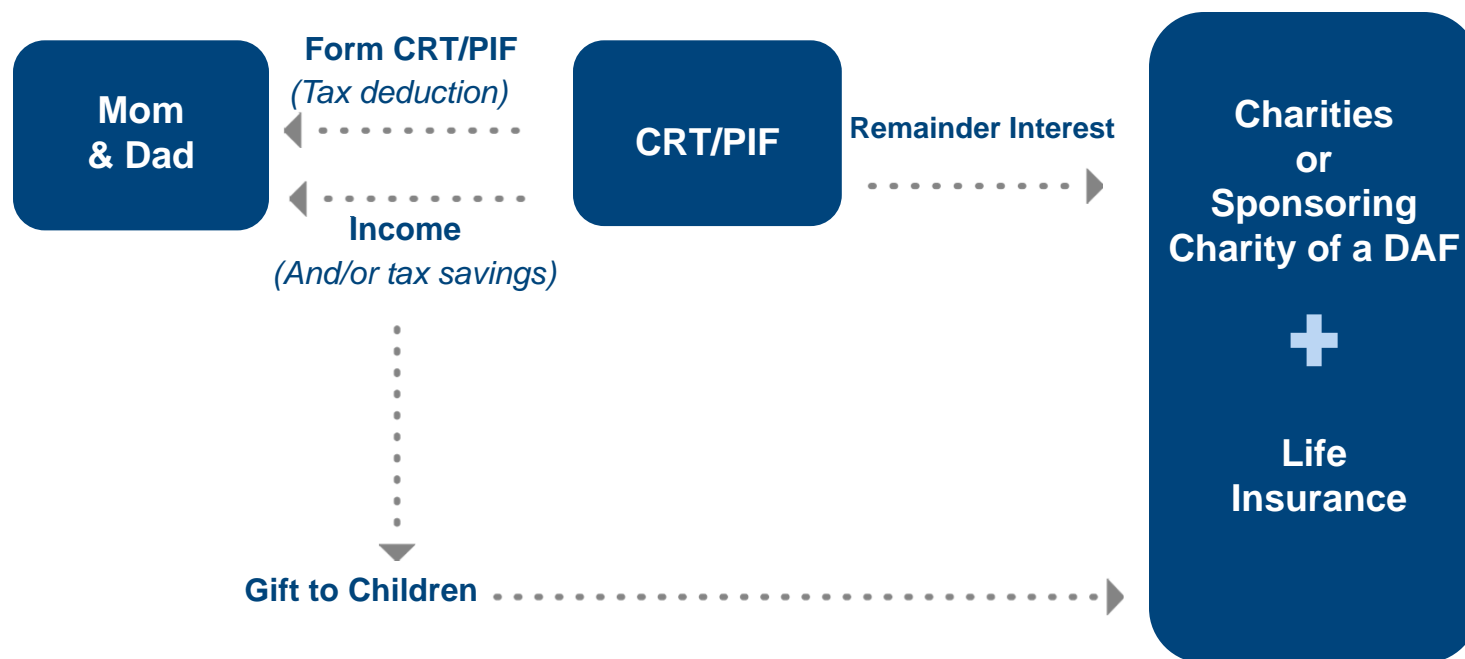


Pooled Income Fund (PIF), Donor Advised Fund (DAF)

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Wealth Replacement Strategies

Wealth Replacement



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Gift Annuities

- Fixed payout – Rate recommended by the American Council on Gift Annuities provides for a 50% residuum to the charity.
- Payout is a general obligation of the charity. Certain states require that the charity maintain an annuity reserve.

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Key Features of Select Charitable Structures

	Donor Advised Fund	Private Foundations	CRT/Pooled Income Funds
Potential Tax Benefits	60% Cash 30% Property No Capital Gains	30% Cash 20% Property No Capital Gains	Deduct Remainder No Capital Gains
Tax Filing	Contributions and grants are reported on the Form 990. Individual DAF accounts are not required to make filings; however, there is reporting at the trust level.	Form 990-PF Publicly Available	CRT – Form 5227 Publicly Available PIF – Contributions and grants are reported on PIF tax returns.
Other Requirement	DAFs are not required to make any distributions*	5% Minimum distribution for Foundation	CRT – Present value of the remainder interest must equal or exceed 10% of the funding value. PIF – None
Tax on Entity/Tax on Income	In general, none except potential tax on UBTI	Potential tax on UBTI, net investment income and certain excise tax	CRT – Taxable Income PIF – Taxable Income
Flexibility	Some	Greater	CRT – Greater PIF – Some
Expenses	Low	High	CRT – Higher PIF – Low
Minimums	\$10k	No defined minimum	Usually start at \$100k – CRT \$20k - PIF

*The U.S. Charitable Gift Trust (USCGT) has a policy to make a distribution equal to 5% of the market value of the USCGT assets in the aggregate, measured at some established date. For informational use only. Not all charitable giving programs or alternatives listed are offered by The U.S. Charitable Gift Trust or its sponsor, Eaton Vance.



Thank You

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