

CHARITABLE GIVING - PLANNING MATRIX

	Basic Features	Control Features	Term	Administrative Considerations	Income Tax Benefits	Deduction Limits	Estate/Gift Tax Benefits or Other Considerations	Costs	Other Benefits/ Considerations
Outright Gifts	Unrestricted gift of cash, securities, real estate or other marketable assets from donor to charity.	Donor relinquishes control of the property when the gift is completed.	n/a	Donor needs a receipt in hand from the charity in order to claim a charitable deduction of \$250 or more. A cancelled check without a receipt is insufficient.	1) Income tax deduction generally allowed for market value of non-cash assets held for more than one year, or cost basis of property if held for one year or less. 2) Avoid taxes on assets' future appreciation and income.	CASH: 50% of AGI if public charity; 30% of AGI if private foundation STOCK: 30% of AGI if public charity; 20% of AGI if private foundation 5-Year carryover of unused deductions.	Estate and gift tax deduction for gifts to charity.	Minimal	Gifts of appreciated property avoid capital gain taxes at the donor level. If giving away property that has declined in value, it may be more beneficial to first sell the property, recognize a capital loss and then give cash.
Charitable Remainder Trust (CRT)	Creation of irrevocable trust whereby the donor receives a fixed or variable amount (min. 5%) during the term of the trust, with the remainder payable to qualified charity(ies) at termination.	Donor designates Charitable beneficiary(ies) at creation of trust and may reserve right to change charitable beneficiary(ies) during the trust term or through his or her Will.	Trust may be for a term of years (max 20 yrs.), or for the life/lives of individuals (donor and/or others).	Trustee must prepare and file income tax returns, calculate the annual payout and track different categories of income. Should not earn Unrelated Business Taxable Income (UBTI).	Grantor receives income tax charitable deduction equal to present value of remainder interest.	50% deduction limit for a CRT funded with cash. 30% deduction limit for CRT funded with long-term appreciated securities. 5-Year carryover of unused deductions.	Avoid potential estate taxes by removing asset and future appreciation from the taxable estate. Potential gift tax exposure for naming additional income beneficiaries.	Costs are commensurate with an irrevocable trust, i.e. drafting, trustee's fee and tax return preparation.	More effective in a higher interest rate environment - enhancing payments to donor. Ability to convert non- or low-income producing property into income producing property. The trust is private and is not subject to any public filing requirements. In order to qualify as a CRT, the present value of the remainder interest must be at least 10% of the current gift amount and the annual payout amount may not exceed 50%.
Charitable Lead Trust (CLT)	Creation of irrevocable trust whereby charity(ies) receives a fixed or variable amount during the term of the trust, with the remainder passing outright or in trust to donor's heirs at termination (non-Grantor type trust).	Donor generally relinquishes control with the identification of the charitable beneficiary(ies).	Trust may be for a term of years, or for the life/lives of individuals.	Trustee must prepare and file income tax returns and calculate the annual payout.	Generally, the grantor receives no income tax deduction. However, income from the assets transferred to the trust is removed from grantor's gross income - an effective annual deduction for each year of the trust.	None for a non-grantor charitable lead trust.	Charitable income interest provides gift tax deduction which permits grantor to gift property at greatly reduced estate/gift tax cost. Charitable Lead Annuity Trusts may be structured to pass assets to beneficiaries free of gift tax (Zero-out CLAT).	Costs are commensurate with an irrevocable trust, i.e. drafting, trustee's fee and tax return preparation.	Low interest rate environment is optimal for leveraging estate and gift tax benefits. The trust is private and is not subject to any public filing requirements.
Charitable Gift Annuity (CGA)	Contract between charity and donor whereby charity pays an annuity to the donor for life, in exchange for a gift of cash or other assets. Arrangement is part gift and part purchase of an annuity.	Donor relinquishes control of the property at time of gift to the charity.	Life/lives of individual(s). The annuity payment may begin immediately or at some point in the future (deferred gift annuity).	Administrative burden is on the charity, not the donor.	Donor receives an income tax deduction for the gift portion of the arrangement.	50% deduction limit for the gift portion of a CGA funded with cash. 30% deduction limit for the gift portion of a CGA funded with long-term appreciated securities.	Avoid potential estate taxes by removing asset and future appreciation from gross estate	Generally, there is no direct cost associated with establishing a charitable gift annuity.	Excellent way to convert non- or low-income producing property into an income stream. Generally, the guaranteed annuity rate increases with the age of the donor at the time of the gift. Payments to the income beneficiary may be part ordinary income, part capital gain and part return of principal.
Private Foundation	Donor creates a tax-exempt organization for the purpose of making grants to charitable organizations. Private Foundations may be formed as a trust or corporation.	Donor may have complete control over grantmaking, and may pass that control to relatives or others during life or at death.	Perpetuity.	1) Evaluation of grant requests. 2) Establishing and maintaining a board of directors. 3) Coordinating involvement of family and non-family members of the board. 4) Maintaining books and records. 5) Regulatory reporting. 6) Should not earn UBTI.	Donors receive income tax deductions for gifts to the foundation in the year of contribution, regardless of the year the actual funds are distributed to charity.	Deductions for cash contributions to the foundation are limited to 30% of donor's AGI; stock or other long-term appreciated property is limited to 20% of donor's AGI. 5-Year carryover of unused deductions.	All qualifying contributions during life or upon death are exempt from Estate and Gift Taxes.	Generally involves significant up front costs to establish. Ongoing cost depends on size and level of activity of the foundation. The foundation is subject to an excise tax on investment income as well as an excise tax on undistributed income.	The foundation is required to distribute a certain minimum amount each year, generally 5%, to public charities. The foundation's annual tax filing (PF-990) is a matter of public record, disclosing assets, contributions and grants. Private foundation rules must be considered.

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Donor Advised Fund (DAF)	Accounts that are set up within charitable organizations, such as a community foundation. Some DAFs are set up as charitable-gift trusts and are managed by financial institutions.	Contributions are set aside in a separate account at the charity. The donor may indicate an investment objective or strategy offered by the managing charity, but does not control the investment. The donor may make non-binding recommendations as to the recipients of grants, however, the donor may not reserve the right to direct the distributions.	Perpetuity.	Administrative burden is on the managing charity, not the donor.	The DAF itself is exempt from income tax. Donor receives income tax deductions for gifts to the DAF in the year of contribution, regardless of the year the actual funds are distributed to charity.	Gifts of cash may be deducted up to 50% of donor's AGI vs. 30% for a foundation; gifts of long-term stock deducted up to 30% of AGI vs. 20% for foundation. 5-Year carryover of unused deductions.	All qualifying contributions during life or upon death are exempt from Estate and Gift Taxes.	DAFs including those charitable-gift trusts managed by brokerage firms, impose a management fee ranging anywhere from .5% to 2%.	A broad range of asset types may be donated to a DAF. Any asset that may be accepted by the managing charity may be accepted by the DAF. Its breadth of acceptable asset contributions offers the donor the best possible income tax deduction opportunities. For those individuals who seek anonymity, the DAF is an excellent alternative as the DAF is required only to file at the entity level and individual DAFs are not described on the return. When the grant is sent out to the charity, the donor can designate whether or not they want to be anonymous.
Supporting Organization	As suggested by the name, the donor creates an exempt charitable organization designed specifically to support one or more existing public charities.	Given the technical and regulatory requirements to achieve supporting organization status, the donor exercises less control over the activities of the organization relative to a private foundation.	Perpetuity.	Since the IRS treats the supporting org. as a public charity, the supporting organization enjoys numerous economic and administrative advantages over private foundations.	The supporting organization itself is exempt from income tax. Donor and donor's family receive income tax deductions for gifts to the supporting organization.	Gifts of cash may be deducted up to 50% of donor's AGI vs. 30% for a foundation; gifts of long-term stock deducted up to 30% of AGI vs. 20% for foundation. 5-Year carryover of unused deductions.	All contributions during life or upon death are exempt from Estate and Gift Taxes.	Generally involves significant up front costs to establish. Ongoing cost depends on size and level of activity of the supporting organization.	A supporting org. has a much lower requirement for distributing assets to supported organizations, compared to a private foundation's distribution requirements. The supporting organization's tax filing is a matter of public record.
Retained Life Estate	Donor makes a gift of a residence or farm to a charitable organization and retains the right to occupy the property for life, with the property passing to the charity at the end of the term or at the death of the last person who retained an interest in the property.	Donors and/or other beneficiaries continue to enjoy the property during their lives or for a term of years.	Term of years, life or lives.	Donor agrees to maintain and insure the property as if still the owner.	Donor receives an income tax deduction for the present value of the remainder interest in the property which will pass to the charitable organization.	30% of donor's AGI when the remainder organization is a public charity, 20% of the donor's AGI when the remainder organization is a private foundation. 5-Year carryover of unused deductions.	Avoid potential estate taxes by removing asset and future appreciation from gross estate.	Minimal, other than the cost to maintain the property during donor's life.	Efficient way to remove an often burdensome asset from one's estate at death. Affords donor the ability to satisfy charitable desires without loss of use of their home.

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