



# Annual and Planned Giving Options

## Types of Gifts:

### Cash

**Benefit:** Charitable income tax deduction

**How:** Send cash (check) to the P.E.O. Foundation or any of the P.E.O. educational projects or donate online at [www.peointernational.org](http://www.peointernational.org).

### Annual Year End Giving

**Benefit:** Charitable income tax deduction

**How:** Include a gift to the P.E.O. Foundation or any of the P.E.O. educational projects in your annual year-end giving plans.

### Living Will or Living Trust

**Benefit:** Reduce or eliminate estate tax, if such tax applies

**How:** Name the P.E.O. Foundation or any of the P.E.O. educational projects as a beneficiary in your living trust or leave a bequest in your will:

- To the P.E.O. Foundation Undesignated Fund. If you do not have a particular project in mind, the “undesignated” funds are distributed annually by the trustees after considering the current needs of the various P.E.O. educational projects.
- To any of the P.E.O. educational projects or to a specific fund already existing in the P.E.O. Foundation.
- To establish an endowed permanent fund in the P.E.O. Foundation (\$5,000 minimum). These funds are held in perpetuity with use of the annual interest and income directed by the donor for a specific purpose.

### Charitable Remainder Trust or Annuities

**Benefit:** Charitable income tax deduction to donor and income to donor (or designated beneficiary) for life

**How:** Name the P.E.O. Foundation or any of the P.E.O. educational projects as a beneficiary of a charitable remainder unitrust, charitable remainder annuity trust, or charitable gift annuity.

- All are required to pay a specified amount annually to the income beneficiary, but which trust or annuity arrangement is most beneficial depends on the donor’s personal situation. Numerous provisions can be tailored for the donor’s unique circumstances.
- The P.E.O. Foundation does not provide trust administration services. For trusts naming Cottey College as beneficiary, such administration services may be available.

### Charitable Lead Trust

**Benefit:** Charitable income tax deduction to donor or trust or income earned by trust is not taxable (depending on structure of the trust) and then remainder of trust to donor’s designated beneficiary.

**How:** Name the P.E.O. Foundation or any of the P.E.O. educational projects as a beneficiary of the income interest of a charitable lead trust.

- Required to pay a specified amount annually to a charity with the remainder directed to donor’s beneficiary.
- The P.E.O. Foundation does not provide trust administration services. For trusts naming Cottey College as beneficiary, such administration services may be available.

## Life Insurance

**Benefit:** Current charitable income tax deduction and potential for future charitable estate tax deduction.

**How:** Name the P.E.O. Foundation or any of the P.E.O. educational projects as owner and/or beneficiary (among other strategies).

- If the P.E.O. Foundation or any of the P.E.O. educational projects is named as owner and irrevocable beneficiary of a new or existing policy, a current charitable income tax deduction may be taken equal to the cash surrender value of the policy or the net policy premiums paid, whichever is less. If the donor continues to pay the premiums, such payments would be a charitable income tax deduction in the year made.
- If the P.E.O. Foundation or any of the P.E.O. educational projects receives death benefits from life insurance, the proceeds are effectively removed from the insured's estate through a charitable estate tax deduction.
- The P.E.O. Foundation or any of the P.E.O. educational projects could be named as either a primary beneficiary or a contingent beneficiary after naming family members or others as primary beneficiaries (in the event those persons would predecease the insured).

## Retirement Plan Assets

**Benefit:** Reduce or eliminate income tax and/or estate tax, if such tax applies.

**How:** Name the P.E.O. Foundation or any of the P.E.O. educational projects as a beneficiary of a pension, profit-sharing or 401(k) plan, or an individual retirement account (either donor's lifetime or upon death), or for individuals 72 or older direct up to \$100,000 of IRA distributions each year to a P.E.O. charity without income taxation (known as a qualified charitable distribution).

- Distributions for retirement plan assets could be subject to income tax when received by an individual beneficiary. However, there are generally income tax advantages when a tax-exempt organization such as the P.E.O. Foundation or any of the P.E.O. educational projects is named as beneficiary (whether primary or contingent).
- Because retirement plan assets are generally not included in an estate if they are left to a qualified charity, it may help reduce or avoid estate taxes to name the P.E.O. Foundation or any of the P.E.O. educational projects as a beneficiary of the retirement plan assets and to choose other assets to leave to family or individuals. This allows more after-tax dollars to reach your intended beneficiaries. Consult your tax or legal advisors for proper planning techniques.
- During an individual's lifetime, up to \$100,000 of IRA distributions can be directed directly to a P.E.O. charity, as a qualified charitable distribution, without being taxable income to the donor but counting towards the donor's required minimum distribution.

## Marketable Securities

**Benefit:** No capital gain tax on appreciation and a charitable income tax deduction equal to the full fair market value of the securities if they have been held for more than 12 months.

**How:** Deposit security with a broker for transfer to the P.E.O. Foundation or any of the P.E.O. educational projects or deliver stock certificates via mail or in person.

- If the securities have appreciated in value and been held for more than 12 months (long-term capital gain property), the donor's charitable income tax deduction should equal the full fair market value of the securities. In addition, the donor is not required to pay income tax on the appreciation (as long as the donor does not receive any consideration from P.E.O. in return and P.E.O. is not obligated to sell the securities shortly after receiving them).
- If the securities have been held for 12 months or less (would generate "ordinary" income if sold), the charitable income tax deduction is generally limited to the donor's basis in the securities.
- If the securities have declined in value, it may be more tax advantageous for the donor to sell the securities and recognize a loss and then contribute the cash proceeds to the P.E.O. Foundation or any of the P.E.O. educational projects.

**The information contained in this document is general in nature. It is always advisable to consult with your tax and financial planning advisers before making these types of contributions. Note: There may be certain limitations on the amount that can be taken for a charitable income tax deduction in any particular year.**