Anne D. McClintock

Executive Director, Harvard University Planned Giving
Income Tax Charitable Deduction

• Gift of $10,000 Cash
  • Income Tax Savings $4,000 (40% rate)
  • Cost of Gift $6,000

• Gift of $10,000 Appreciated Securities held 1+ years
  • Income Tax Savings $4,000
  • Cost of Gift $6,000
  • Saved Capital Gains Tax $1,800 ($1,000 cost; 20% rate)
CARES Act

• In 2020, if you take the standard deduction on your taxes you can deduct up to $300 cash charitable gift (usually $0)

• In 2020, if you itemize your deductions you can deduct cash gifts up to 100% of your income (up from 60%)

• Does not apply to donor advised funds and private foundations
IRA Gifts

• Qualified Charitable Distribution
  • 70 ½
  • Direct transfer
  • $100,000 maximum
  • Not included in taxable income

• Charitable Bequest
  • Avoid income and estate taxes
  • 100 cents on the dollar benefits charity
Give and Receive – Remainder Trust or Annuity

YOU

GIFT

TRUST or ANNUITY

PRINCIPAL

INCOME
Charitable Gift Annuities

• You receive secure income for life, backed by Harvard’s assets

• You can start your payments now or in the future

• Harvard has its own rate schedule

Examples:

<table>
<thead>
<tr>
<th>Age</th>
<th>Present rate</th>
<th>Future rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>3.2%</td>
<td>@70 yo: 8.9%</td>
</tr>
<tr>
<td>70</td>
<td>6.0%</td>
<td>@73 yo: 7.2%</td>
</tr>
</tbody>
</table>

• Income and capital gains tax savings

• Your gift helps Harvard in the future
Charitable Remainder Trusts

• You receive income for life; varies from year to year
  • Based on 5% of the value of the trust on January 1\textsuperscript{st}
  • Opportunity for growth of income over the long term

• No management fees

• Income and capital gains tax savings

• Your gift helps Harvard in the future
Loan to Harvard – Lead Trust

YOU

GIFT

TRUST

PRINCIPAL

YOU OR FAMILY

ANNUAL PAYMENT
Charitable Lead Trusts

• You benefit Harvard for a set number of years
• You or your family receive trust proceeds in the future
• Taxable trust so best to fund with cash or high basis stock
• You receive gift/estate tax savings and/or income tax savings
• No management fees
• Examples:

$1 million, 15-year lead trust; 0.4% discount rate

<table>
<thead>
<tr>
<th>Payout</th>
<th>Tax deduction</th>
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<tbody>
<tr>
<td>5%</td>
<td>$727,000</td>
</tr>
<tr>
<td>6%</td>
<td>$872,000</td>
</tr>
<tr>
<td>7%</td>
<td>$1 million</td>
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THANK YOU!

We are here to help

*We look forward to assisting you if and when the time is right.*

Harvard University Planned Giving

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