

Learning on the Job:
Pitfalls and Pivot Points in Gift Planning
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A. Proper Legal Name and Intent

1. Is it a charity?

The Hilldale Cemetery Association might be a great organization, but does it qualify for a charitable contribution? Do they have a letter from the IRS?

2. Is there a charitable arm of the organization?

There is the University of Wisconsin and the University of Wisconsin Foundation. You want to be sure that the check is payable to the Foundation.

3. Get the name of the charity right.

Don't combine Madison Parks Foundation and Madison Zoological Foundation into the Foundation for Madison Parks and Zoo. Who gets it?

4. Are you sure that your gift will be used locally?

The national organization might collect all gifts and allocate to the locals as they see fit.

5. Some charities have lots of different causes over which they have oversight.

The U.W. Foundation or the Madison Community Foundation are examples. Be careful to properly designate the particular fund. Also make sure the donor understands whether this is to be a permanent endowment or a spendable gift.

6. If you have a specific cause you want to benefit, make sure that the charity to which you are actually making the gift has oversight over it.

If you want to benefit the City of Madison parks, don't make your gift to the Wisconsin Dept. of Natural Resources.

7. Intent

Can the charity honor the wishes of the donor?

Does the intent match up with the mission of the charity?

B. Efficiency of charity.

How effective is your charity at using donations? How much of what you give them goes to administration and fundraising? Do you care?

C. How many charities do you want to give to?

Do you want to give smaller amounts to lots of charities, or a larger amount to just a few?

How much of an impact do you want from your gift?

D. When should you give?

1. Is there some sort of matching gift program in place?

2. Some charities have strong ideas about the timing of your gift depending on their current goals and status of a fundraising campaign.

E. How much of a tax deduction?

How much of a tax deduction percentage wise do you get from your gift (public charity vs private foundation.) Does that matter to you? Be aware that some types of property will have a reduced or even be non-deductible (Short term securities, Tangible Personal Property that is given for a non-related purpose.)

F. End of year gifts

Be careful of the timing of your contribution at year end.

G. Do you want to give while you are alive or after death?

If you give while you are alive, the charity gets to thank you personally rather than sending a nice note to your family or personal representative.

H. Do you want something in return?

Access to football tickets, or maybe just a calendar?

Does that affect when and how to contribute?

Does that change your charitable deduction?

What about an annuity or a unitrust payment?

Be aware that the source of the gift may be an issue here. DAFs and Private Foundations can't make gifts for quid pro quo benefits for the donor.

I. Gift of assets

1. Most charities gladly take cash or checks.

2. Autos

Rawhide Ranch will take your old car, but will the American Cancer Society?

3. Real Estate

It is a wonderful cottage, but it may not fit into the plans of the Nature Conservancy, especially if it is environmentally contaminated.

Other real estate – homes, apartments, vacant land.

4. Artwork

It is a painting, but that doesn't mean Chazen Museum of Art wants it.

5. Assets that are short term

Stocks held less than one year.

6. Savings bonds

Does the gift trigger income?

7. Limited partnership interests

A few charities will take limited partnership interests, but many will not. Thanks to those charities which accept the interests in a residuary bequest.

8. Time share interests

9. Retirement accounts

J. Beneficiary Designations

K. Competency

L. Monitoring Estate Plan

Thank you to Chris Davis for his wit and wisdom on the subject.