

# Ways of Giving

## to Central Connecticut State University

### The Timing of Gifts

There are basically two opportunities for the timing of gifts to the CCSU Foundation: now or later. When we refer to giving now, we are speaking of gifts made at the present or within a short period of time. These gifts may support current operations or they may be placed in endowment to produce a future source of revenue.

When we speak of giving later, we are referring to planned or deferred giving. This type of giving refers to those gifts whereby the donor makes a promise to the Foundation, but the money does not come right away. Planned giving allows the donor to maximize the contribution without depleting current assets.

### Ways of Giving Now



*Outright Gifts of Cash* – The most common form of contributions to the Foundation is outright cash gifts. For most people, writing a check is the most convenient way of making a gift. As a practical benefit, a gift of cash is complete for federal income tax purposes as soon as the gift is mailed and the canceled check provides the proof of the gift. Some donors plan cash gifts as part of their family budget. In fact, many donors will welcome the opportunity for three to five year pledges, payable monthly or quarterly, thus enabling them to contribute more than they would otherwise be able to do through a single outright gift.

*Securities* – Many donors own marketable securities. These may be mutual funds, company stock, corporate bonds, municipal bonds, or certain government bonds. There are a number of income tax advantages in giving securities which have appreciated in value more than 12 months. Gifts of appreciated securities can be sold and reinvested by the Foundation without being subjected to capital gains tax while at the same time entitling the donor to a federal income tax deduction for the full fair market value of the securities at the time of the gift. Gifts of securities often enable the donor to make a larger gift than would otherwise be possible using cash.

## Ways of Giving Later



*Tangible Personal Property and Real Estate* – Sometimes, gifts to the Foundation are made with tangible personal property such as special collections, valuable artwork, and the like. Or donors may make gifts of houses or land to the Foundation. Special tax rules apply in cases of such gifts usually dependent upon whether the donated property is related in use to the purpose of function of the organization to which it is given. Donors planning gifts of tangible personal property or real estate should consult their tax counsel and the University Development Office.

*Life Insurance* – Life insurance is not usually thought of as a way of giving now. Donors can, however, make current gifts using life insurance by assigning annual policy dividends to the Foundation. Or, they may give paid up whole life policies which are no longer needed due to changes in family situations or unanticipated prosperity.

*Wills* – A person's will is a document which will provide for the disposal of most or all of a lifetime of accumulation of assets and it often plays a major role in providing for the future security of family members. Many people also use their wills as a means of making gifts to the Foundation. Gifts of this type are known as charitable bequests and are the most common form of planned giving. There are tax benefits which provide incentives to making charitable bequests, and these benefits vary according to the expected value of the decedent's estate at the time of death, the number of heirs, etc. Such details can be more fully explained by an attorney who should draft a will in legal form. Bequests are a practical alternative to making a sizable gift to the Foundation which a donor may not be able to do in his or her lifetime.

*Life Insurance* – Life insurance is often overlooked as a way of giving yet it provides a convenient means of making a gift to the Foundation. Sometimes the owner of a policy simply names the Foundation as the beneficiary. In other cases, the donor purchases the policy which the Foundation owns and the donor continues to pay the premium each year, or makes gifts to the Foundation each year that amount to at least enough to pay the premium. Under this arrangement, the donor realizes the added benefit of a tax-deductible contribution while guaranteeing a sizable gift to the Foundation at the time of his or her death.



*Charitable Remainder Trusts* – Charitable remainder trusts - unitrusts and annuity trusts - provide a means of making a sizable gift to the Foundation without sacrificing the income that the gift property will produce. A unitrust is one that pays the donor and/or other named beneficiaries a fixed percentage of the net fair market value of the trust valued annually, The percentage is chosen by the donor at the time of the agreement and must be at least five percent. A unitrust can be created with a small gift of perhaps \$25,000 and a donor can add to the original trust as the years go by and personal circumstances become more favorable. An annuity trust is one that pays the donor and/or other named beneficiaries a predetermined dollar amount each year. The amount must be at least five percent of the fair market value of the property at the time it is put into trust and, once established, never changes. Because payments are based on the original value of the trust, no additional gifts may be made to an annuity trust once it is set up. Charitable remainder trusts can result in significant tax benefits to the donor, but they are extremely complicated legal documents. Only qualified attorneys who can take into account the donor's personal circumstances and financial situation should be called upon to draft a charitable remainder trust.

*For further information, contact:*

Christopher J. Galligan  
Vice President, Institutional Advancement  
Central Connecticut State University  
1615 Stanley Street, P.O. Box 4010  
New Britain, CT 06050-4010  
Telephone: (860) 832-1764  
FAX: (860) 832-1768  
E-mail: [galliganc@ccsu.edu](mailto:galliganc@ccsu.edu)

*This information is by necessity quite general. An individual donor's personal and financial circumstances will affect the tax consequences of giving and will dictate the form of giving that is most advantageous. Above all, an attorney or tax accountant should be consulted when planning a major gift to the CCSU Foundation.*