

Davenport Asset Management presents:

Virtual Investor Summit Series

The Current State of Philanthropy:

Planned Giving Techniques

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Michele A. W. McKinnon
McGuireWoods LLP
Richmond, Virginia
mmckinnon@mcguirewoods.com



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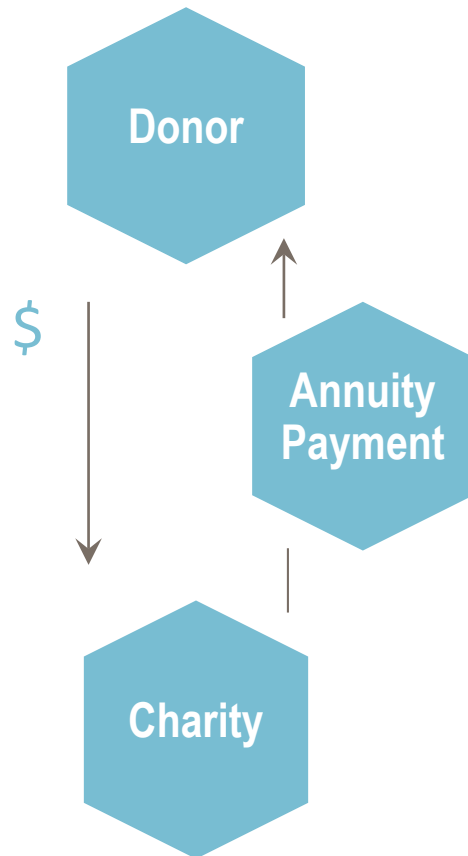
Michele A. W. McKinnon

Partner, McGuireWoods LLP

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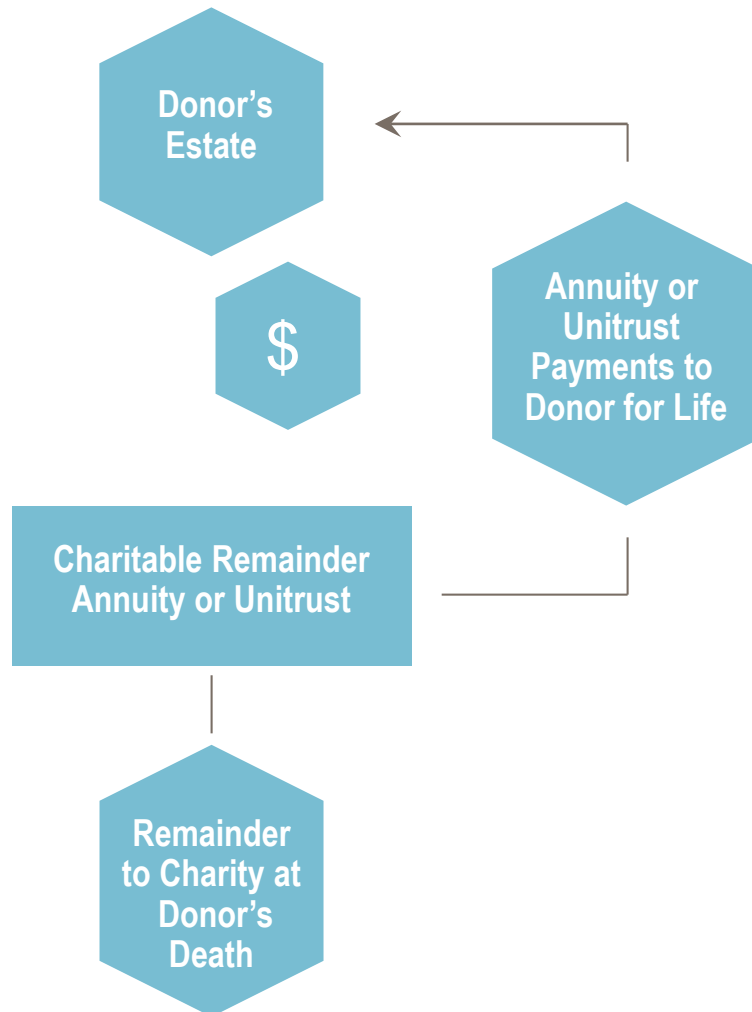
- Income Tax Benefits
 - Treated as a bargain sale
 - Capital gains tax savings
 - Excess value is deductible
- Estate Tax Benefits
 - Not includable in estate

- Offers security of fixed payments
- Effect of low section 7520 rates
 - Reduce the available charitable deduction
 - BUT, has significant impact on exclusion ratio and amount of annuity payments subject to income tax
- Example for gift annuity for 65-year old with 4.7% annuity
 - 7% section 7520 rate: exclusion ratio is 47.08%
 - 1% section 7520 rate: exclusion ratio is 79.71%



- Charitable deduction for gift of remainder interest in personal residence or farm is enhanced by low section 7520 rate
- Provides a means of satisfying a charitable commitment or achieving philanthropic objectives with little, if any, impact on donor's lifestyle and liquidity

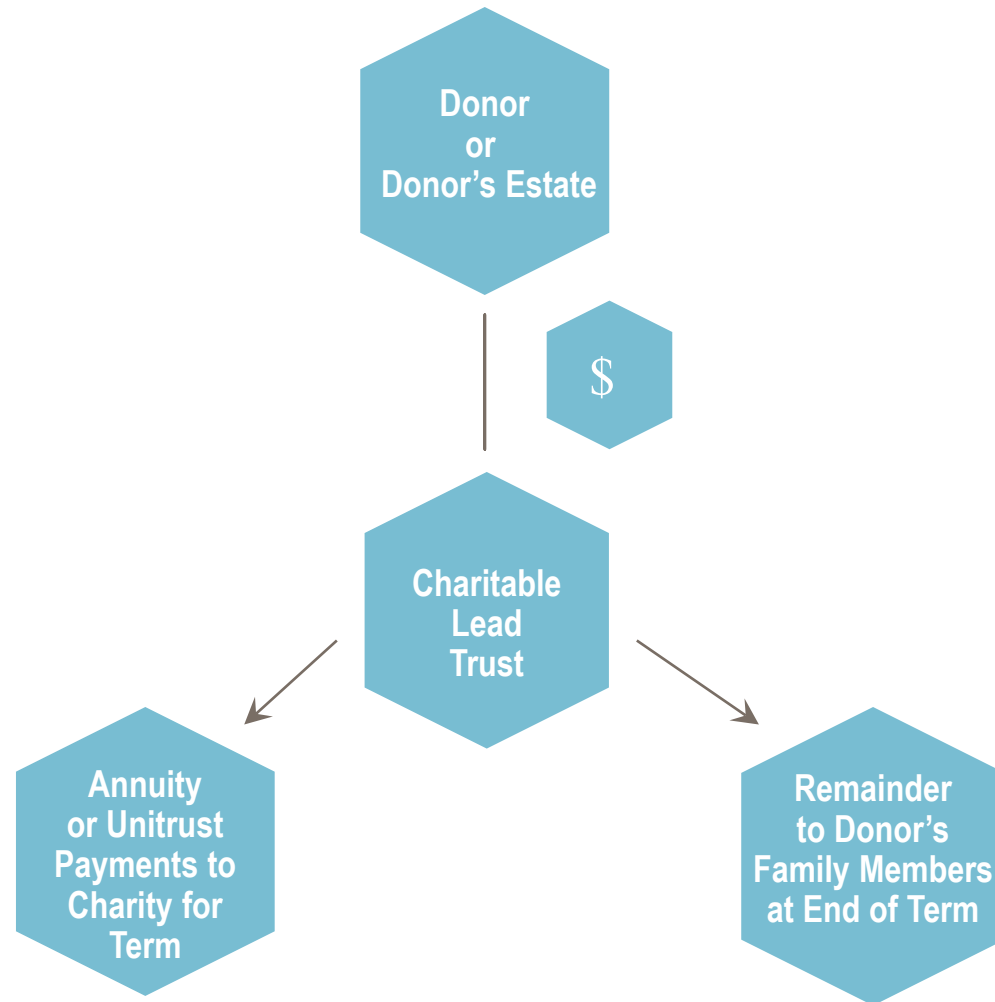




- **Income Tax Benefits**
 - Fair market value of remainder is deductible
 - 30% of AGI ceiling
 - Five-year carry forward
 - No capital gains tax
- **Estate Tax Benefits**
 - 100% deductible

- Attractive for donors who want to avoid capital gains on appreciated property
- Provide a current income tax deduction without loss of income stream
- Donors with existing charitable remainder trusts who no longer need the income stream should consider a gift of annuity or unitrust interest





- **Income Tax Benefits**
 - No charitable deduction
 - Income removed from Donor's return
- **Gift Tax Benefits**
 - Charitable interest is deductible if lifetime trust
- **Estate Tax Benefits**
 - Charitable interest is deductible if testamentary trust

- Possible to zero-out the remainder interest so that the charitable deduction is 100% and there is no gift to remaindermen (usually children)
- With lower section 7520 rates, remainder interest can be reduced to zero with shorter terms and lower payouts than would be the case at higher section 7520 rates
- Can do CLAT with increasing payout



Questions?



Contact Information:

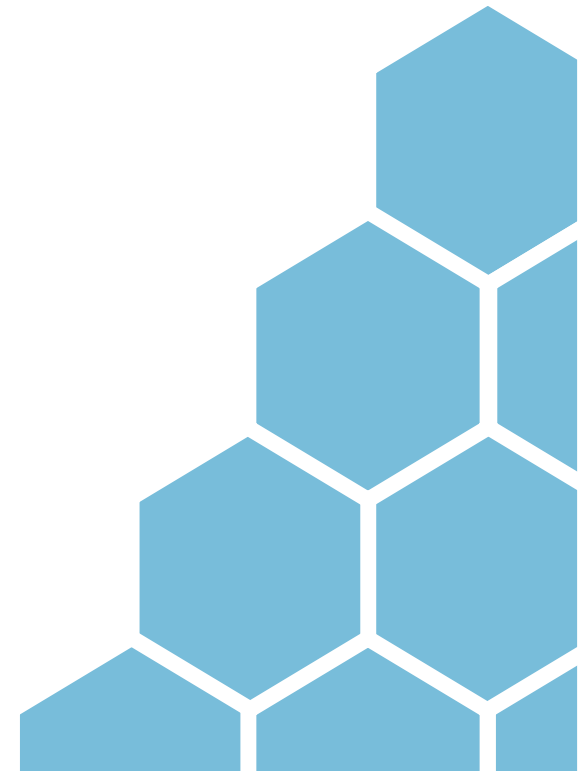
Michele A. W. McKinnon

Partner, McGuireWoods LLP

(804) 775-1060

mmckinnon@mcguirewoods.com

For those that have further questions on this topic, you can contact Michele McKinnon directly at the information on this page. For those that have investment related questions, please contact your Davenport advisor or Davenport Asset Management at DAMinfo@investdavenport.com



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