Planned Giving – Leaving a Legacy

Leaving a Legacy

The TMC Library is fortunate to have donors who not only support the work of the Library during their lifetimes, but make provisions in their wills as well. When individuals inform the Library of their planned bequests, it gives the Library opportunities to recognize the thoughtfulness and generosity of these individuals while they are still alive. Nearly 90 percent of all Americans die without wills, which means that state law determines who receives a person's assets and in what amounts. The Library encourages our donors to help others address the responsibility of making a will, and to create a legacy of generous support in the process.

Charitable Lead Trusts

Charitable Lead Trusts are most appealing to wealthy supporters who want to pass appreciated assets to their heirs without paying a substantial amount in taxes. This is done by allowing the Library to receive income from the donor's assets for a specified time, after which the asset is transferred back to the donor or to the donor's heirs, who do not have to pay any additional taxes. The donor does pay a gift tax on the asset when it is placed into the trust, after which it can grow tax-free. A lead trust can reduce gift and estate taxes or provide a charitable deduction for the donor.

Charitable Remainder Trust

The basic charitable remainder trust qualifies for federal tax benefits. In the arrangement, a donor gives stock, cash, or other assets to a trust. The assets are then invested producing income for the donor – or other beneficiary – either for a fixed period of time or until the donor dies. The donor is allowed to claim a tax deduction for the estimated portion of the assets that will ultimately be given to the Library. When the donor dies, the Library keeps all remaining assets.

A remainder trust is a Unitrust. Under a basic Unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the value of the asset, which is assessed each year. Under a net-income Unitrust, the donor receives only the income earned by the trust, even if the trust earns less than the payout rate. The trust can be set up to include a "make-up provision," which allows the donor to make up the lost income, provided the trust earns more than the payout rate in future years. The assets can be invested to earn a lower rate of return when the donor is younger and then shifted to earn a higher rate of return, and thus provide more income during the donor's later years. By making a Charitable Remainder Trust, donors can get income-tax deductions and escape capital gains taxes. Many donors find a charitable remainder trust an appealing way to prepare for retirement.

Life Insurance

You may choose to contribute a whole life or annuity life insurance policy by transferring it to the Library, in which case the cash value can be deductible. You may also assign a policy's ownership to the Library and name the Library as an irrevocable beneficiary. Subsequent premiums paid by the contributor are tax deductible up to 30% of your adjusted gross income. Single-premium insurance can provide an attractive mechanism for supporting your interests at the Institute.

IRA Charitable Rollover

If you are age 70 and a half or older, you may transfer up to $100,000 from your IRA to the Library on a tax-free basis.