

# Gifts During Your Lifetime

The Wisconsin Humane Society is a private, non-profit organization that relies solely on contributions from our supporters. We receive no government funding. A very important part of the support we can offer to needy animals comes from the monthly, quarterly or annual contributions made by our generous donors. Without you, we simply could not provide the services we do for the tens of thousands of animals we help each year. All contributions are tax-deductible to the extent allowed by law.

The information in this booklet is provided to give general information about charitable giving strategies that help donors maximize tax savings while helping the Wisconsin Humane Society. No part of this booklet is intended as legal advice. Please consult with a tax and legal professional to determine the best giving strategy for your situation.

## Leaving a Legacy for Animals



The mission of the Wisconsin Humane Society is to build a community where people value animals and treat them with respect and kindness.



4500 W. Wisconsin Avenue, Milwaukee, WI 53208  
414-ANIMALS [www.wihumane.org](http://www.wihumane.org)





Together, we can help the animals forever. The Wisconsin Humane Society helps 20,000 animals each year. Through your kindness and love, we provide animals who have nowhere else to turn with:

- Critical medical intervention
- Compassionate care
- Permanent, loving homes
- A second chance at happiness

## What can I do to help?

We are asked this question frequently by friends who have already given generously of their time and resources to prevent animal suffering and abuse. In fact, there are many ways that supporters can significantly continue their support of animals. This booklet provides information on several of these planned giving options.

You should know that all of the ideas discussed here offer you significant tax advantages – allowing you to take your money that would otherwise be collected as tax and use it to provide a permanent legacy of love and support for the animals who most need your help.

## Charitable Lead Trusts

Like a charitable remainder trust, a charitable lead trust can provide support for the animals and significant tax benefits. But it differs in important ways from charitable remainder trusts. In brief, a charitable lead trust can make gifts to the Wisconsin Humane Society for either a specific number of years or for the donor's lifetime. At the end of this period, the remaining assets in the trust and any growth it has realized are typically passed to the donor's heirs. Although there is no income tax deduction when you create a charitable lead trust, your gift or estate tax is greatly reduced and any growth is passed on gift and estate tax free. Here is an example of the benefits of this arrangement.

*Robert has established a charitable lead trust that makes a payment to the Wisconsin Humane Society each year for the rest of his life. These payments are funded by stocks that Robert contributed to the charitable lead trust because he no longer needs them for his own support.*

*Robert stipulated that these annual payments be used for the support of the Wisconsin Humane Society's veterinary medical care for the animals. This has permitted us to extend life saving and humane treatment to sick and injured animals.*

*Upon his death, the assets in the trust will be left to Robert's daughter, Linda. The annual payments made to the Wisconsin Humane Society will result in a sizable charitable deduction for Gift and Estate Tax purposes. This deduction will result in a higher proportion of the assets in the trust being passed on to Linda and a smaller part being paid in taxes.*

CAVEAT: Beginning on January 1, 2010, there have been many changes to the federal estate tax rules. Given that the estate tax is currently in a state of flux, it is important that you consult your tax advisor before you make any decision driven by potential estate tax savings.

# Charitable Remainder Trusts

Charitable Remainder Trusts (CRT's) are excellent ways to make delayed gifts to the Wisconsin Humane Society and also enhance lifetime income. They provide both immediate tax benefits and income to the donor. Here's an example of how these benefits can work for someone who loves animals.

*Mary had stock valued at \$50,000.00 and wished to help animals in need through a gift to the Wisconsin Humane Society. By transferring these stocks to a CRT, Mary established an annuity, which will pay her \$4,000.00 per year for the rest of her life. This annuity is a welcome supplement to her retirement income.*

*In addition, she received a significant charitable income tax deduction in the year she created the trust. Mary also avoided paying an immediate capital gains tax of almost \$8,000.00 which would have been due if she had sold the stocks. At Mary's death, the remaining funds in the CRT will be given to the Wisconsin Humane Society as her personal legacy of love.*

This is just one example of a very powerful way to combine continuing support for the animals with tax benefits and income for the donor.

Some methods of support for animals can even provide additional income to donors during their lifetimes. The specifics of these methods vary depending on your own circumstances and wishes. However, they all have one thing in common, they require planning. With proper planning now, you can make sure that your support for the care and treatment of homeless animals will continue even as you provide for your own needs and those of your family.

In this booklet, we explain and give examples of some of the more common ways of contributing. We would be happy to discuss other methods with you. We also encourage you to consult with your attorney before changing your will or estate plan.

If you have any questions, please feel free to contact us at 414-431-6121. We are always here to discuss your own needs and wishes.

Now is the time to make sure that you leave a legacy of love for those who most need your help.



# Bequests

A bequest is one of the simplest ways to leave a charitable legacy to those who most need your help. Your will or revocable trust provides the flexibility of specifying exactly how you wish to provide for the animals. For example, you could leave any of the following:

- A gift of a specific dollar amount
- A percentage of your entire estate
- What is left after you provide for others
- A specific item or property

It is important to note that a bequest of property under your will or revocable trust to the Wisconsin Humane Society is deductible for estate tax purposes at the full market value. Often, this results in substantial tax savings. This means that your estate will pay less in taxes and leave more for the causes, people and animals you love.

An updated will or revocable trust is the best way to make sure that your support for animals will continue forever.

# IRA or Retirement Plan Benefits

IRA accounts and qualified plan retirement benefits can be some of the most valuable assets you own during your lifetime. These assets grow tax deferred and, as a result, it is easier to accumulate retirement savings than with taxable investments. Unfortunately, these assets can be among the least valuable to your heirs, especially if your estate is large enough to be subject to estate taxes. This is because IRAs and retirement plan accounts are subject to both estate and income taxes when they pass to individual or trusts beneficiaries. For instance, subject to tax law changes and individual circumstances, a descendant (other than a spouse) may receive as little as 33 cents on the dollar for a retirement plan subject to estate tax. If you designate the Wisconsin Humane Society as a primary or partial beneficiary of a retirement fund balance, there is no estate tax and no income tax on the amount passing to the Wisconsin Humane Society.

# Life Insurance

Life insurance is a simple and inexpensive way to provide significant dollars to support animals. If you have an insurance policy that is no longer needed for its original purpose, you may wish to change the beneficiary to the Wisconsin Humane Society. Here's an example of the benefits of doing so.

*Michael bought a \$30,000 life insurance policy in 1988 for the purpose of making sure his survivors would not have to pay his final expenses out of their pockets, and to provide college support for his nephew.*

*Michael's nephew finished college without Michael's support and is now self-sufficient. In addition, Michael has accumulated enough money so that the life insurance will not be needed for final expenses.*

*After discussing this situation with his attorney, Michael realized he could contribute the entire amount of his life insurance policy to the Wisconsin Humane Society, entirely free of death taxes.*

*Michael decided to name the Wisconsin Humane Society as the beneficiary of his life insurance policy. He realized that this was an easy way to leave a significant tax-free gift to ensure that help for animals will always be available. Michael will not be entitled to a charitable income tax deduction because he has not given up control and the right to change the beneficiary in the future. Michael started the process by calling his insurance agent.*

As an alternative to naming the Wisconsin Humane Society as a beneficiary of your insurance policy, you may consider making a gift of the policy itself to the Wisconsin Humane Society and contributing funds to enable the Wisconsin Humane Society to pay the insurance premiums. Under this approach, the insurance proceeds are free of death taxes in your estate. If you make the Wisconsin Humane Society the owner and beneficiary of the policy, you are also entitled to a charitable income tax deduction based upon the premiums paid and the policy's cash surrender value. In addition, the payment of future premiums by the donor on the policy that is owned by the Wisconsin Humane Society will also be deductible in the year of payment.