McLaren
NORTHERN MICHIGAN FOUNDATION

Forever Grateful

Prepared for McLaren Northern Michigan Foundation by:

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GREENLEAF TRUST

Regina Jaeger, CTFA, is responsible for providing trust services to individuals and nonprofit organizations. She has over 29 years of experience in providing trust administration, estate settlement, investment management services, foundation, and banking solutions for clients.

Fresh out of high school, I landed a full-time job at my local bank. The bank offered a tuition reimbursement program so I was able to attend night classes at North Central Michigan College to begin my journey toward a college education. The bank also strongly encouraged every employee to participate in a payroll deduction plan to give to a local charity. It didn't matter if you gave just $1 a year, they wanted 100% participation from all employees. I did what I could at the time and contributed $2 per pay check. It wasn't much but at the time it felt like a big commitment. Fast forward 30+ years and I find that the job I started at 18 has shaped my life in countless ways including my desire to support charities. In my current role as a trust officer, I often find myself in the position of guiding my clients with their charitable giving decisions as part of their overall estate and financial plan. Two frequently used strategies include the Qualified Charitable Distribution (QCD) rule available to IRA owners over the age of 70 ½, and Charitable Remainder Trusts.

Using the QCD for your charitable giving makes good sense. If you own a traditional IRA and are over the age of 70 ½, you are required to take an annual distribution (called the Required Minimum Distribution or RMD), the amount of which is recalculated each year. The QCD rule allows you to annually give up to $100,000 of your RMD directly to a qualified charity (or multiple qualified charities) and the amount given isn't counted as taxable income. This lowers both your adjusted gross income and your taxable income, resulting in a lower overall tax liability. Giving to charity using the QCD has become particularly advantageous under the new 2018 tax laws because of the changes in itemizing and the standard deduction; a QCD is the equivalent of a 100% tax deduction.

Also frequently discussed, are the benefits of using appreciated assets to create one of two types of charitable remainder trusts (a charitable remainder annuity trust or "CRAT" or a charitable remainder unitrust or "CRUT"). These trusts provide a current income stream to a non-charitable beneficiary and the remainder interest of the assets transferred into the trust are passed on to a charity in the future. Both trust types allow the donor to continue to receive income generated from all of the assets transferred into the trust for a period of time (or the donor's lifetime), provide an income tax deduction for the value of the remainder interest, and allow the donor to satisfy his or her philanthropic goals all at the same time.

At Greenleaf Trust, part of my job is to help clients discover the most efficient way to meet their charitable goals, large and small. These conversations lead me to reflect on my own introduction to charitable giving at such a young age. The two strategies discussed above can help you to satisfy your charitable desires in the most tax advantaged manner possible and are worth discussing with your advisor. I am forever grateful to the employer who "required" my participation because it introduced me to the idea of giving back to my community.

To learn more about how you can structure a gift for McLaren Northern Michigan Foundation using IRA QCDs, appreciated stock or other assets, please contact:

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