

CHOICE & VOICE



➤ **A Guide For Planning Your
Charitable Legacy**

**"We make a living by what we get...
...we make a life by what we give."**

-Winston Churchill

Acts of philanthropy are unique expressions of individual values, ideas, and relationships. Creating a charitable legacy that is rich in meaning and impact can also be a reflection of your life. The purpose of this brochure is to help you think through how giving has enriched your life and how you might extend that benefit through your estate plan.

No matter where you are in the estate planning process, the good news is that your roadmap already exists. By giving generously to organizations such as Consumer Reports for many years, you have laid the groundwork for your own philanthropic legacy.

The control and design of that legacy lies with you. Amazingly, 60% of Americans who pass away each year do so without leaving a will or other directions conveying what is important to them. The result is the government decides how these assets are dispersed. It means losing control of your legacy — a legacy that could be put to powerful use for your loved ones and for society. Thoughtful consideration and documentation of your wishes for your charitable legacy will provide you with control and peace of mind.

Creating a Charitable Legacy

In many respects, you already have a significant legacy due to your generous lifetime giving to charitable organizations and causes. But now you may want to consider your impact on future generations. Estate planning provides a wonderful opportunity to help secure a strong future for the organizations, places, and causes that have a special meaning in your life. If so, here are some key touch points and questions that may help you begin prioritizing what has been most meaningful to you:

Connection	Longevity	Place	Personal
Where have you felt the strongest bonds — to a faith community or alma mater? Where you volunteer? Or do you connect most strongly with a specific issue and cause that tackles societal problems? Do you participate in some way to advance those causes?	Throughout your life-time, what causes or charitable organiza-tions have you given to or been active in most consistently and why? What is it about the mission and work that has motivated you to give your time or money for many years? Over that time, have these organizations helped make a real improvement in our lives or our community?	Do you want to make a difference in a specific community that is important to you? Is there a city, state or region that you want to affect?	Have you been affected personally by an issue, cause or disease, or benefitted from a service that is specific to you or your family? Are there causes or organizations that you care deeply about, while your children or family members care about others? Or do you share interests?

A Personal Approach

Do you think of yourself as an expert, an agent of change, a values-driven donor or a role model? You are all of these, of course, depending on the circumstance. However, one or two may be predominant.

The question is — why is this important as you think through your charitable legacy? The way you think of yourself may help you prioritize organizations that will best reflect who you are.

► Expert

Has a comprehensive and authoritative knowledge of, or skill in, a particular area.

- Do you want to leave a legacy gift to an organization with the same area of expertise as you, or is it the rigorous approach to solving problems that matters most?
- Which organizations value facts and research to inform their actions?
- Which are effectively getting results in your areas of interest and concern?
- Why should the expertise of these organizations be supported and expanded?
- How might a gift in your estate plan ensure that an organization's contribution to society will continue to make a positive difference in the world?

► Values Driven

Makes decisions and acts based on his or her values.

- Which organizations that you support have values closest to yours? Such as:
 - ☐ Integrity ☐ Compassion
 - ☐ Fairness ☐ Service
 - ☐ Loyalty ☐ Perseverance
 - ☐ Reliability ☐ _____
- Which organizations are best able to preserve and carry on your values in the future?
- How might your estate plan help an organization do this?

► Agent of Change

Involved in activities that improve the lives of individuals and communities locally and around the world.

- How do you help improve lives around you, and do the organizations you support now do similar work?
- Do you want to have a more significant impact on the success of a cause or organization, but haven't had the opportunity or resources until now?
- If you were able to cause a single, important change in the world, what would it be?
- How might you use estate planning tools to cause change?

► Role Model

Looked to by others as an example to be imitated.

- Are you considered a trusted leader or mentor in your family, workplace, or larger community?
- Are there organizations to which you want to encourage or inspire others to give?
- Do you wish you could have taken more of a leadership role in your life or community, but didn't have the time, opportunity, or resources? Could a gift through your will demonstrate leadership that inspires others to make a difference?

What Charitable Organizations Best Reflect Your Values?

Take a moment to list the organizations that have come to mind as you answered the questions above.

As you answer these questions, remember the characteristics in yourself and organizations that are important to you:

- ▶ What charitable organizations have the expertise and effectiveness to achieve the results you want to see?

- ▶ Is there an important change you would like to initiate, and if so, which organizations might be able to accomplish it with your gift?

- ▶ What values are most important to you? Will supporting charities that uphold those values help you achieve a values-driven personal legacy?

- ▶ For whom might you wish to serve as a role model, and which charities might partner with you to ensure that your example will make a difference to them?

Family Engagement

Your family likely plays a central role in who you are, how you give, and the legacy you envision creating. In addition to thinking about your personal approach, you may want to consider how your legacy could engage your family.

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| ▶ Could charitable gifts in your will encourage your family circle to get actively involved in important causes or issues in some way? | ▶ How could including charities as part of your personal legacy reaffirm messages about your values and your definition of a successful or meaningful life to your children, grandchildren, and larger family circle? | ▶ In what ways could such charitable gifts continue a legacy left by your parents or grandparents? |
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Three Ways to Establish Your Charitable Legacy

Now that you have given thought to what you might want your charitable legacy to achieve or signify and the organizations that you think may help you do that, we will walk through a variety of tactics and tools you can use to formalize and document your intentions. As you review the options, remember that there are no limits on the amount you can bequeath to a charity or to charities in general. All amounts are transferred free of estate taxes, regardless of the size of your estate.

1. Your Will

Naming charitable organizations as beneficiaries in your will is one of the simplest ways to ensure that charitable giving is part of your legacy. In recent years, print and electronic media have been filled with inspiring stories of individuals who earned modest incomes during their lives but changed the future of their favorite organizations through bequests. A bequest elevates your beloved charities and conveys how important their mission has been to you.

If you are concerned that a family member or other dependent has a greater need for the assets than the charity, you can name the charity as a "contingent" beneficiary. That simply means the charity is a back-up; if a loved one named in your will is no longer living at the time of your death, the asset(s) assigned to that person will go to the charity.

You can also consider leaving a percentage of your assets or a specific amount of money, rather than a specific asset, to your charities. Your needs may change over time, and you may wish to do something different with that specific asset in the future. Your attorney can help you decide, based on your individual circumstances.

To ensure that your favorite charities receive the full value of what you wished to leave to them, ask your attorney to direct that fees attributable to a charity's portion of your estate be paid from other assets, rather than removed from the gift you have made.

Creating a will

If you are creating a will for the first time, you will need the help of an experienced estate planning attorney. You will also need to name an executor. Some estate planning attorneys are willing to serve as executors. Many people choose family members or friends as executors. We recommend that you resist the temptation to ask your favorite charity to serve as executor. Although charities deeply appreciate the trust demonstrated by donors who ask them to serve as executors, they are simply not equipped to fulfill the responsibilities of these positions. The best way to benefit a charity is to ask an experienced estate planning attorney with a good reputation to serve as your executor.

Remember, this information can help you make the best choice for you, your family, and your community. But only if you take the next step. The time and energy you invest in creating an estate plan that reflects your wishes can provide a lifetime of benefits to the people and organizations you care about. What better legacy could you leave?



An existing will

If you already have a will, but discover that you would like to add charities to that will, you do not need to create a new one. You can simply ask your attorney to prepare what is called a "codicil." This is a simple amendment to your original will, and most minor changes to wills are made by codicil. Preparing a codicil is relatively easy for an experienced attorney and will be much more cost effective to you than rewriting an existing will.

If creating or changing your will, you will want to include the organization name, tax ID number, and descriptive language like this:

"I give, devise and bequeath to [insert the name of your charity] headquartered at [insert the full street address of the charity] [insert amount of money, percentage of estate, or describe property] to be used for the furtherance of its mission and charitable programs."

If you would like to include Consumer Reports in your will, you could use the following language:

Consumer Reports Inc., Yonkers, NY
Tax ID# 13-1776434

"I give and bequeath (The Trustee shall distribute) to Consumer Reports, Inc., Yonkers, New York, the sum of \$_____ (or ____ percent of the rest and residue of my estate or trust) to be used by it for its general charitable purposes."

2. Your Life Insurance

Designate a charity as the beneficiary of your life insurance

Additionally (or alternatively), you can designate a favorite charity as the beneficiary of assets that pass to beneficiaries outside your will. These include life insurance proceeds and retirement plans.

There are several ways of using life insurance, and these can often result in increasing your ability to make a much larger gift than you originally thought possible.

To ensure that your wishes are honored, you must keep up-to-date beneficiary forms filed with the insurance company. If you indicate in your will that you wish a certain charity to have the proceeds, but the insurance company has an older, out-of-date beneficiary form, the law dictates that the beneficiary form, no matter how old, takes precedence.

3. Your Retirement Plan

You can also make a charitable gift by naming one or more charities as the beneficiaries of your IRA, 401(k), 403(b), or Keogh Plan.

Just as with life insurance, the law states that beneficiary forms take precedence in determining the beneficiaries of proceeds.

If you wish to benefit charities through one or more of your retirement plans, be sure to keep these forms updated.

Retirement plans are some of the most tax-efficient assets available to you. Retirement plans left to children will be subject to income tax and (if you have a taxable estate) estate tax. Retirement plans left to charities will be subject to neither, so if you are trying to choose which assets to leave to whom, remember this distinction.

Life Income Gifts

Creative alternatives that benefit you now and your charities later

There are several advantages to all of the approaches we've just listed. All of them are revocable, which means you can change your mind at any point in your life. Should you decide that you or a loved one needs these assets, you only need to make changes in your will or beneficiary forms.

But what if you don't mind making a gift that is irrevocable? What if you would actually like the satisfaction of making the gift now and your only major complication is the fact that you can't quite afford to give the whole asset away? What if you could make the gift and receive some tax benefits now and then get income from the asset for life or a period of years?

Key Consideration ▶ Think of this scenario as giving away a fruit tree that you own, but retaining the right to pick the fruit for the rest of your life.

Whether the available options are right for you will depend on the intersection between the assets you want to give and the outcomes you want to achieve. Ultimately, you will want to consult your attorney, accountant, or other professional who can advise you within the context of your total financial picture.

Turn Your Thoughts Into Action

Research shows that having an estate plan serves you, your family, and your community. We hope that this brochure has proven useful as you begin or revise your estate plans to best reflect what you want your legacy to be. Now is the time to act.

Here at Consumer Reports, we are working diligently to preserve our legacy and strengthen our future impact. For over eighty years, we have worked alongside you, the consumer, to create a fairer, safer, and healthier world by providing evidence-based product testing and ratings, rigorous research, hard-hitting investigative journalism, public education, and steadfast policy action on behalf of consumers' interests.

This is all possible because your support allows us to stay independent and unbiased in our work, unconstrained by advertising or other commercial influences. Thank you for being a part of our story and our legacy. Our staff stands ready to be of assistance in your estate planning process.

Please note the information provided here is presented solely as general educational material. It is not intended as legal or tax advice. When making an estate plan, you should consult your attorney, accountant, or other trusted estate planning professional.

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Consumer Reports, Inc is a registered 501(c)(3) nonprofit organization. Our Tax ID is 13-1776434.
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