DESCRIPTION OF GIVING PLANS FOR CHARITABLE PURPOSES

Beneficiary Designations of Retirement Plans and IRA's. Retirement accounts, which include pension plans, profit sharing plans, stock bonus plans, Keogh Plans, 401(k) plans and Individual Retirement Accounts (IRAs), generate a number of tax consequences at the time of death of the owner. These tax consequences make qualified retirement assets and IRAs appropriate as charitable giving vehicles.

Bequest or Devise is a gift provided for in a person's will.

Charitable Lead Trust, also known as a Short Term Charitable Trust or a Reversionary Living Trust, is a trust which is irrevocable for a term of years with the income being paid to a charity during this term. There is a provision for the property to revert to the trustor at the end of the term.

Charitable Remainder Annuity Trust is a trust created by the Tax Reform Act of 1969 and it provides for a donor to transfer property to a trustee subject to his right to receive a fixed percentage of the initial net fair market value of the property for as long as he lives. Whatever remains in the trust at his death becomes the property of the beneficiary institution.

Charitable Remainder Unitrust is another trust of the Tax Reform Act of 1969. It is similar to the charitable remainder annuity trust in many ways, except the income is a percentage of the fair market value of the property transferred, determined annually.

Gift Annuity is a contract between your client and Economics Arkansas. By transferring cash or other assets, such as securities, your client will receive guaranteed payments for life. The amount of each payment is determined by your client's age when the annuity is initially funded. Married couples often choose to have two annuitants so both will enjoy payments for life.

Gift of Life Insurance is designation of a charitable organization as beneficiary of an insurance policy; assignment of ownership of a policy to charity; or gift to charity of a partial interest in a policy.

Life Estate Contract is a contract that provides for a donor to transfer title to his home or family farm to a charity, reserving to himself the right to live in and on the property and receive all the income therefrom. At his death, the home or farm becomes the property of the charitable organization.

Payable on Death Deposit Account is a specific type of bank account allowed in most states which is payable on request to one person during lifetime and on his death to one or more P.O.D. payees, or to one or more persons during their lifetimes and on the death of all of them, to one or more payees.

Qualified Terminable Interest Property Trust is a product of the ERTA of 1981. This trust must pay all income to the surviving spouse for life and pass the remaining trust principal to a designated beneficiary (which may be a charity) at the death of the surviving spouse.

Revocable Living Trust is a flexible revocable agreement whereby a donor transfers income-producing property, of almost any kind, to a trustee and receives an income for a period of years or for life and whatever remains in the trust at his death becomes the property of the beneficiaries of the trust.