



Standard Terminology & Acronyms around Charitable Gift Planning

401K: a tax-qualified retirement savings plan deducted from the employee's paycheck before taxation

AGI: adjusted gross income (your income after specific deductions are taken). Workers often make contributions to a retirement account to reduce their AGI.

Annuity: a guaranteed charitable payment

Appreciated property: property that has increased in value

Bargain sale: the deliberate sale or gifting of an asset for less than its appraised value. The difference between the sale price and appraised value determines the income tax deduction

Beneficiary: a person or organization deriving from a trust, will, or life insurance policy

Bequest intention: donor's indication (verbal or written) of their intent to leave a future gift. An intention is neither legal nor binding commitment; rather, it is a courtesy notification of the donor's desire to make a future gift.

Charitable bequest: a provision in a will, trust, or estate plan allocating a gift to a designated charity (most common gifts to nonprofit beneficiaries are cash, securities, and real estate)

Charitable Gift Annuity (CGA): an irrevocable transfer of property (e.g., cash, securities) in exchange for a contract to pay the donor *or the donor's designee* an annuity for life

Charitable Lead Trust (CLT): so-called "split" interest gift because it benefits the charity *and* the donor's designated beneficiaries. Annual payments are given to a charitable organization first, while the principal reverts to beneficiaries at the end of the term

Charitable Remainder Trust (CRT): a split interest irrevocable trust that pays a specified annual amount to one or more people for a fixed period of years (often the life of the individual). The charity benefits only after your estate is settled with other heirs.

Deferred gift: a present decision to make a future gift, often articulated in a contract

Fair Market Value: an estimate of what a willing buyer would currently pay to a willing seller for an asset or a piece of property.

Financial advisor: provides clients/customers with financial products and services, depending on the licenses they hold and the training they have

Inheritance tax: levy paid by a person who inherits money or property, or a tax on the estate (money and property) of someone who has passed

IRA: individual retirement account

IRD (income in respect of a decedent): money that was due to a decedent that passes through to a beneficiary as income during that tax year. The beneficiary must declare the money as income for the year in which income was received.

Planned gift: any charitable gift that requires more thought and planning to execute than the average donation

Premium: payment required periodically by an insurer to provide coverage under a given insurance plan for a defined period

Securities: any combination of stocks, bonds, or mutual funds

Single premium immediate annuity (SPIA): A single premium immediate lifetime annuity is a contract with an insurance company whereby:

1. You pay a sum of money (a premium) upfront, and
2. Company promises to pay you a certain amount of money periodically for the rest of your life.

Split interest: an irrevocable trust which benefits an individual (or individuals) *as well as* a charitable organization (or organizations)

Wealth transfer: distribution of wealth to heirs/ beneficiaries of an estate

For more information about including Astraea in your charitable plan, contact Graham Bridgeman at 212.529.5624 or by email at development@astraeafoundation.org.