

# Nonprofit estate plans can be customized to donor

WILLOW GRALEY

Contributing to nonprofits through an estate is a detailed process that can be customized based upon a donor's interests, according to Jackie Jacobs, executive director emeritus at the Columbus Jewish Foundation, and Harlan Louis, an estate planning attorney at Bailey Cavalieri, both in Columbus.



Jacobs



Louis

"The most important step is an open and frank discussion about what the donor intends and how the nonprofit can best honor and serve that intent," Louis said. "Many times, the donors will have specific things that they want to accomplish with their charitable giving. An effective charity can

then take that information and give the donor options to satisfy their intent."

Jacobs said to ensure a donor's needs are met, nonprofit staff will start with a discussion on a number of topics. That initial talk will consider the donor's connection to the nonprofit and their vision for how their funds will be used, including what they hope to accomplish.

There will also be a discussion about whether they want the funds to go to a specific program or for general operating expenses. Jacobs said providing funds with as few restrictions as possible is best for organizations as they determine their most pressing needs, but that is not always what the donor is seeking.

Instead, their goals "may be related to their appreciation for a particular type of service that was provided or an experience that they're aware of or an interest area of theirs," he said.

Whatever the donor's intent may be, there are steps that need to be taken, including documents to be filled out to ensure their wishes are met and the funds are properly transferred, Louis and Jacobs said.

Louis said those details include, "How much they want to contribute; when they want to contribute – immediately, later,

upon death, etc.; what type of property they want to give; what they want to accomplish; do they want a role for family members to help administer the gift?"

Jacobs said other details laid out in the agreement would include whether this would be a named gift or anonymous, whether the donation can be used in its totality or if it would be an endowment, and if it is an endowment, how much of the money is untouchable and how much would be paid out each year. They should also take into account what would happen should the organization change or cease to exist.

Once the donor and the nonprofit start working on the paperwork, how long that process takes will depend on the parties and the details involved, Louis said.

"It depends on the donor and the

***"We want to make sure that the stewardship aspect with the donors is maintained because it's not merely a transaction, it's a relationship that's been built on trust."***

Jackie Jacobs

charity," he said. "Sometimes it all comes together quickly in a matter of days. Other times it takes weeks or months to put together the right plan," adding planning ahead may help ease the process.

Louis said part of the process involves the donor becoming comfortable with the gift they are making.

"It is hard to think about a charitable legacy and impacting future generations," he said. "So, it takes time. For some clients it also takes time to be comfortable with the notion of gifting large sums. It is important that the donor and the charity work together to accomplish the charitable goals of the donor and to make that donor feel good about making this gift."

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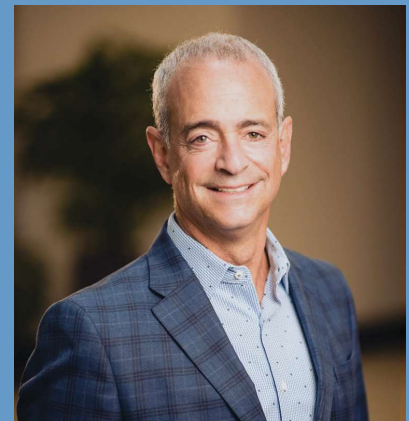
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# Estate planning needs to be discussed sooner rather than later

NEWSUSA

There are subjects in life that need to be discussed, but many of us tend to avoid them. Issues like mortality and money top the list. As parents and children grow older, a must-have conversation should be the topic of estate planning, but do we know all that we should?

According to recent studies, seven out of 10 of children underestimated their parents' estate by an average of \$278,000. That's a big number between knowing what is going on and not understanding at all. It illustrates a breakdown in communication that Kevin Ruth, head of Fidelity Investment's wealth planning and personal trust, says badly needs addressing through "frank conversations" between parents and their adult children.

"Even in the simplest of family situations, conversations that don't occur frequently and in detail can result in fairly substantial family disagreements and disconnects," Ruth said. "Establishing an estate plan is your best bet to ensure your loved ones are taken care of in your absence and that your wishes are carried out the way you want."

According to the study, the two generations apparently can't even agree on whether they've already had such detailed talks. The study found that 70% of parents surveyed believe they have discussed these issues; more than 50% of their children claim they haven't. So what are the benefits of an estate plan?

- It allows you to:
- Preserve and maintain control over the transfer of your assets.
  - Protect your family's privacy and possibly avoid probate.
  - Provide immediate access to liquidity.
  - Choose how your beneficiaries will receive assets.
  - Designate who will execute your wishes even if you're just incapacitated.

These are solid reasons to research estate planning today. One thing to remember, it's not just for the very wealthy. Most people have complicated lives and issues that need exploring - with children and maybe step children's interests to protect or a family businesses to pass on - most people, could do with some solid estate planning

Plus, there's the federal government to consider. After all, no one wants the government getting any more money than is legally required. Some think they have knowledge of investments like IRAs and Roth IRAs, but even distributions from these accounts can be problematic if the aim is to "stretch" payments out to beneficiaries, tax deferred or tax free, for as long as possible.

To see what is involved, attorneys and tax advisors can help set up an estate plan. While it's scary to think about life without family members and what that life may look like, ultimately it's better to have a conversation and get a plan in place. Like the Boy Scouts, it pays to be prepared.

- Courtesy of NewsUSA

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Louis also noted many donors are just starting out as more people consider estate plans.

"More and more people are thinking about what kind of legacy do they want to leave," he said. "Donors oftentimes have specialized needs and desires. So, the charities need to be well-versed in how to help those donors achieve their charitable giving goals."

Charities also need to have ways to keep donors informed about their gift to be good stewards, Jacobs said.

"One of the responsibilities of an organizational board is to assure for agency planning purposes, budgeting purposes and all those things, to be good stewards of their assets from the investment end," he said. "And from the donor relations end, in order

to report to the donors what's happening with their fund, how it's been used, sending statements etc., periodically reviewing the programmatic purposes."

Jacobs added, "We want to make sure that the stewardship aspect with the donors is maintained because it's not merely a transaction, it's a relationship that's been built on trust."

Willow Graley attends Cleveland State University and writes for the student newspaper, The Cleveland Stater.

Bureau Chief Stephen Langel contributed to this article.

*Publisher's note: Jackie Jacobs is a member of the Columbus Jewish Publication Company board of directors.*

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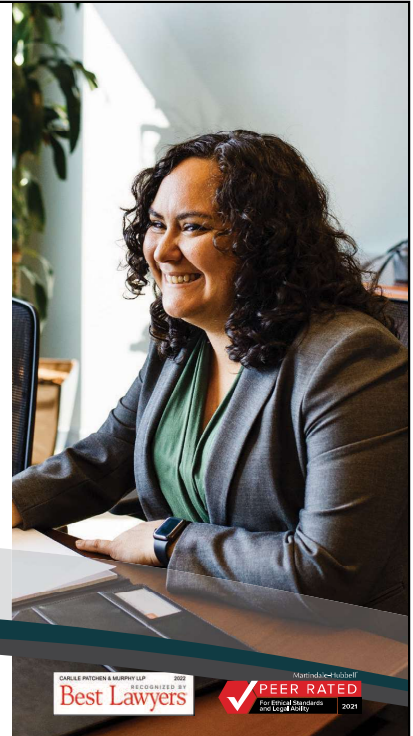


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