Estate Gifts

Estate gifts are those gifts normally associated with your Will or final distribution of your estate and have been traditionally the largest gifts to the CAES. Estate gifts may be a few hundred dollars or millions of dollars. Like all other gifts they may be "unrestricted" for use where need is greatest within the college, or "restricted" to a particular program, scholarship, or location. Your estate gift allows your assets to continue helping the CAES long after you are gone.

Estate gifts are typically the largest gifts to the college and are made up of the following:

**Charitable Gift Annuity**

A Charitable Gift Annuity is a simple agreement between you and the UGA Foundation designating a gift for the CAES. In exchange for your gift of cash, securities, or certain types of other assets (possibly real estate or timber rights), the UGA Foundation will agree to make fixed, periodic payments to you and/or another beneficiary for life. A portion of the payment to you may be tax-free, or taxed at the more favorable rate for taxes on capital gains. You will be entitled to an immediate federal income tax deduction for a portion of your gift. The amount of the deduction will be based upon the amount of the gift, your age and/or another beneficiary, and the annuity payment rate. When the gift annuity ends, its remaining principal passes to the UGA Foundation to be used per your designation with the CAES.

**Charitable Remainder Trusts**

There are two main types of charitable remainder trusts: Annuity Trusts and Unitrusts. With both types of trusts, you receive a charitable contribution income tax deduction based on your life expectancy, you avoid taxes on capital gains on the sale of appreciated securities or real estate, and you reduce potential estate taxes. The main difference between the two types of charitable remainder trusts is the way your annual income from the trust is determined.

*Charitable Remainder Unitrusts* allow you to transfer cash, securities, or other property to a trust and are usually created with assets worth $250,000 or more. The assets given to charitable remainder unitrusts are valued each year, allowing for a variable payout from year to year, in contrast to the fixed dollar amount payout from the annuity trust. The unitrust is often used when inflation and its effect on the future purchasing power of a fixed income is a concern and you want to benefit you and/or another beneficiary for life.

*Charitable Remainder Trusts and Life Insurance Trusts (Wealth Replacement Trusts)* offer a combination of a trust and life insurance. The charitable remainder trust provides lifetime benefits to you, the donor, and then after death to the CAES. The life insurance trust replaces to
your heirs the asset value given to charity and may increase your heirs' net inheritance over what they would have received had you not made the charitable gift.

**Life Estate Agreements (Retained Life Estates)**

A life estate agreement allows you to give your home and/or farm to the University today, but retain the right to live in the home or use the farm for life. You may also stipulate that your spouse may continue to live there for his/her lifetime. You receive an immediate income tax deduction based upon your age(s) and the useful life of the property, and you remove the home and/or farm value from your estate. However, you must continue to maintain the property, insure it, and pay property taxes. After your death, the UGA Foundation becomes owner of the property and may utilize the property to support college-related purposes or sell the property to generate funds to support the college.

**Bequests (Gifts by Will)**

A bequest may be particularly attractive as a gift option if you want to provide for the CAES in the future. Bequests may be designated to the CAES program of your choosing or used where the need is greatest within the college. **If you intend to leave a gift to benefit the CAES in your will, please consult the following options to learn more about will language:**

"Specific" bequests are most common. You leave a specific amount of money, a specific asset, or a specific percentage of your estate to support the CAES.

"Residual" bequests go to support the CAES only after all debts, expenses, taxes, and other bequests have been paid.

"Contingent" bequests are ways for you to support the CAES even if you have young children. The contingent bequest takes effect only when all other bequests fail.

**Life Insurance Policies**

Two forms of life insurance are typically donated: *paid-up whole and universal life insurance policies*, and *newly issued whole and universal life insurance policies*. A paid-up policy has a cash value that may be used immediately if necessary to support the CAES.

Taking out a new whole life or universal life insurance policy is one way to make a significant gift to the CAES. The policy may be structured such that you only pay premiums for approximately ten years and each year's premium payment is tax-deductible.

Newly issued whole and universal life insurance policies usually have little or no cash value. Therefore, they provide no benefits until significant cash value builds within the policy or the insured passes away.

For all whole and universal life insurance policies, you should name the **UGA Foundation** as both owner and beneficiary.
**Special Note:** If a person makes the UGA Foundation a beneficiary of a life insurance policy, no income tax deduction is allowed. However, upon the death of the insured, the policy proceeds going to the UGA Foundation will be an estate tax charitable deduction, with the proceeds being used in the college as you designate.