Give away your cake (but eat some of it, too)
By Ramon Alonso, Ph.D.

Good charities, like the GPF, always need more money, and it's up to us that have (some) of it to give them some, and therefore part with that money. However, the reason that some of us have (some) money, especially late in life, is because we don't like to part with it.

Enter the Charitable Gift Trust. This is an arrangement, blessed by the IRS that, while it does not quite let it us do good while suffering no pain, it eases the pain considerably. Here is how it works.

You give a lump of money, as cash, or, more likely, as appreciated securities, to a Big Bank such as Comerica or State Street. They set up a trust for the GPF that will manage that money. You, depending on age, will get, every year, a percentage of the value of the trust, typically 5% or so if you are 70 years old. Upon your death all of the money in the trust goes to the GPF.

But wait! As the Vegomatic says, "that is not all!" The IRS considers that a big portion of that money is a gift to charity, and hence deductible. Here are some typical numbers for me, at age 80, for a gift I just did for the GPF (amounts rounded off):

Annuity rate	7.2%
Charitable Deduction,	49%

Because, in my case I gave securities that had a very low basis (they cost me very little), for 9 years a good chunk of the interest, over 60% (of the 7.2%), is considered capital gains, with its consequent lower tax rate.

A CGT trust goes up and down in value, depending on how it is managed and how the economy goes. One such trust, that Anne and I had set up over 10 years ago, went up during the bull market days, then went down during the melt down, but then recovered nicely. Overall, up quite a bit. While one can never be sure, my experience is that, on the whole, those CGTs go up in value enough so that the principal actually increases. If you hit it lucky during a bull market, that can actually be noticeable. In the case of CGTs, those banks are conservative investors.

So, if one means for the GPF to get some of one's money without having to pry it out our cold, dead hand, AND one means to enjoy some of that money while having warm, live hands, a CGT is a good, legal idea. (There are actually quite a few variants on this theme, which I'm not expert enough on to pass on.)

Here are the steps. Contact Marsha Block at the Foundation office, who will connect you with the proper functionaries at Comerica. They will discuss those variants and see what fits you best, and then prepare a "Basic Gift Illustration" document that incorporates all of the picky details, like how much, what kind, how old, etc. plus instructions on how to do the actual transfer. You consult with your advisors, and you do it, and thereafter enjoy those quarterly (or monthly) checks. Minimizes the pain.