

Charitable Solutions: Naming the Gift Fund in an Estate Plan



For individuals and their heirs who are philanthropic, there are several unique ways to leave a charitable legacy when the Gift Fund is part of an estate plan, such as in a will or as a beneficiary for a qualified retirement plan, life insurance policy, or charitable trust, including both charitable remainder trusts (CRTs) and charitable lead trusts (CLTs).

Individuals who are considering making charitable giving part of their estate plans should consult with their tax- and estate-planning advisors regarding modifications to their wills.

Bequests to the Gift Fund

Charitable bequests are a great way for individuals to continue to support the causes that are important to them beyond their lifetimes.

To do this, they can state in their wills a specific amount of money, a percentage of their estates, or specific assets or real estate¹ they wish to bequeath to the Gift Fund.

A charitable bequest can reduce—or even eliminate—the estate-tax burden. The charitable bequest will generally be allowed as a deduction in determining the net value of the taxable estate, and no limitations are imposed on the total amount that can be deducted.

Beneficiary of a qualified retirement plan or life insurance policy

An individual's retirement savings plan or life insurance may be his or her largest asset. Many do not realize that the remaining qualified retirement plan assets could be heavily taxed after their deaths. Estate and income taxes can consume a portion of the remaining money in tax-deferred accounts such as individual retirement accounts (IRAs) and other qualified retirement plans.

Proceeds from a life insurance policy are also subject to estate taxes, if owned by the individual at the time of his or her death.

To move assets out of a potentially high-tax situation and into one that has the potential to result in a significant tax savings, individuals can name the Gift Fund as the beneficiary of:

- An individual retirement account
- A 401(k) or other qualified retirement plan
- A life insurance policy

They can designate the Gift Fund as the sole beneficiary, or one of multiple beneficiaries, of the remaining assets.

Beneficiary of a charitable trust (CRT or CLT)

Individuals who have established or wish to establish a charitable remainder or charitable lead trust may name the Gift Fund as the charitable beneficiary.

If an individual has an existing charitable trust to benefit a different charitable organization, it might have been drafted to allow the charitable beneficiary to be changed, allowing the beneficiary to add or substitute the Gift Fund. This can provide the flexibility to support a variety of charities beyond the term of the trust.

Language for bequests to be used when writing wills

- Bequest in Will where Giving Account® at Gift Fund is Established Prior to Death:

I bequeath _____ dollars (\$ _____) [and/or the following described property, _____] [and/or _____ percent (_____ %) of my residuary estate] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be allocated to the _____ [Giving Account Name], Giving Account Number _____.

- Bequest in Will where Giving Account® at Gift Fund is Not Established Prior to Death:

I bequeath _____ dollars (\$ _____) [and/or the following described property, _____] [and/or _____ percent (_____ %) of my residuary estate] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be held in a donor-advised fund known as the _____ [Giving Account Name]. I hereby name _____ to take all steps necessary to establish such a donor-advised fund at the FIDELITY INVESTMENTS CHARITABLE GIFT FUND. I direct _____ to have the same recommendation privileges, including those with respect to distributions and investments, that I would have had as an Account Holder at the Gift Fund during my lifetime (with the same authority to designate a successor).

Language to use for IRAs, 401(k)s, and other qualified plans

- Beneficiary Designation where Giving Account at Gift Fund Established Prior to Death:²

I distribute _____ dollars (\$ _____) [and/or _____ percent (_____ %)] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be allocated to the _____ [Giving Account Name], Giving Account Number _____.

- Beneficiary Designation where Giving Account at Gift Fund is Not Established Prior to Death:²

I distribute _____ dollars (\$ _____) [and/or _____ percent (_____ %)] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be held in a donor-advised fund known as the _____ [Giving Account Name]. I hereby name _____ to take all steps necessary to establish such a donor-advised fund at the FIDELITY INVESTMENTS CHARITABLE GIFT FUND. I direct _____ to have the same recommendation privileges, including those with respect to distributions and investments, that I would have had as an Account Holder at the Gift Fund during my lifetime (with the same authority to designate a successor).

Language for distribution from a trust

- Distribution from a Trust where Giving Account at Gift Fund is Established Prior to Death:

The Trustees shall distribute _____ dollars (\$ _____) [and/or the following described property, _____] [and/or _____ percent (_____ %) of my trust assets] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be allocated to the _____ [Giving Account Name], Giving Account Number _____.

- Distribution from a Trust where Giving Account at Gift Fund is Not Established Prior to Death:

I bequeath _____ dollars (\$ _____) [and/or the following described property, _____] [and/or _____ percent (_____ %) of my trust assets] to the FIDELITY INVESTMENTS CHARITABLE GIFT FUND, to be held in a donor-advised fund known as the _____ [Giving Account Name]. I hereby direct my Trustee to take all steps necessary to establish such a donor-advised fund at the FIDELITY INVESTMENTS CHARITABLE GIFT FUND. I direct my Trustee to name _____ to have the same recommendation privileges, including those with respect to distributions and investments, that I would have had as an Account Holder at the Gift Fund during my lifetime (with the same authority to designate a successor or additional Account Holders).

Call a Charitable Planning Specialist at 800-682-4438 or visit CharitableGift.org to learn more about the Gift Fund's donor-advised fund program.

¹The Gift Fund does not accept tangible personal property (by will or otherwise), and generally does not accept non-publicly traded assets by will unless the estate will liquidate the assets and distribute cash to the Gift Fund.

²The designation of a charitable beneficiary or the designation of both a charitable beneficiary and a non-charitable beneficiary of an undivided IRA may limit the payout options available to the donor and/or the non-charitable beneficiary.

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The Fidelity® Charitable Gift Fund ("Gift Fund") is an independent public charity with a donor-advised fund program. Various Fidelity companies provide investment management and administrative services to the Gift Fund. The Charitable Gift Fund logo is a service mark, and Giving Account is a registered service mark, of the Trustees of the Fidelity Investments® Charitable Gift Fund. Fidelity and Fidelity Investments are registered service marks of FMR LLC, used by the Gift Fund under license.