



Independence for People with Disabilities

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## PLANNED GIVING OVERVIEW

The work of Paraquad depends in large part upon the goodwill and generosity of community donors. Planned giving is one option for donors and their families to consider when conducting estate planning.

Planned giving offers donors and their families an opportunity to create a legacy that will provide meaningful help for years to come. A planned gift is a significant addition to our long-term financial strength and our ability to meet the challenges and opportunities the future will bring. Last year, planned gifts represented over 20% of our individual gifts.

If you are interested in making a planned gift, development staff members are available to answer your specific questions or concerns. Kate Thacker, Development Director can be reached at 314/289-4233 or [kthacker@paraquad.org](mailto:kthacker@paraquad.org).

### About Planned Giving, Frequently Asked Questions

#### *1. What are planned gifts?*

Planned gifts or testamentary gifts are assets distributed to a charity at death, under wills, trusts, life insurance beneficiary designations, or retirement plan assets.

#### *2. Should I contract with an attorney in order to make a gift?*

Planning gifts with life insurance and retirement assets can be complex. It requires familiarity with federal and state laws, observance of ethical guidelines and avoidance of conflict of interest. We advise all donors who are interested in making a planned gift to consult with their own counsel and financial professionals.

#### *2. What tax deduction will I receive for my gift?*

Your tax benefits will depend on several factors: the type of gift, the time at which it is made, whether it is outright or deferred or has any income payments. Outright gifts to Paraquad generate a full income-tax charitable deduction. Outright gifts of appreciated securities are deductible at fair market value, with no recognition of capital gains. Bequests do not generate a lifetime income tax deduction. They are exempt from estate tax.

Similarly, life insurance distributions to Paraquad are not income-tax deductible, but are exempt from estate tax.

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*5. I've heard that transferring gifts of IRA assets to charity is advantageous. Why?*

Qualified retirement plans such as IRAs, 401(k), 403(b), and Keoghs allow individuals to defer paying taxes on a portion of their income until the assets are withdrawn during retirement years. However, after a person's death, these accounts are often exposed to income and estate taxes, at a combined rate that could rise to 75% or even higher on large taxable estates. The tax will be paid at some point by your estate and your heirs unless contributed to charity. In other words, by giving retirement assets to charity you receive double benefits. Your estate and heirs will not be taxed on the portion that goes to charity and you will support Paraquad.

*6. I'd like to donate a painting. Will you determine its value for my income tax deduction?*

The IRS requires that donors of artwork and collectibles secure an independent appraisal of the items to establish fair market value. The appraisal has to be related to the gift, too – an insurance appraisal won't suffice. We can assist you on this point.