

# Potential Expansion of IRA Charitable Gifting Opportunity



By [Sarah Ruef-Lindquist, JD, CTFA](#)

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Since 2006, individuals age 70  $\frac{1}{2}$  and older have been able to make direct charitable gifts from their IRA's. The Qualified Charitable Distribution ("QCD") provision was part of the Pension Protection Act of 2006, and has remained a smart charitable gifting option ever since. The dollar limit for any one or combination of multiple QCD's has remained \$100,000 per year per taxpayer age 70  $\frac{1}{2}$  or older.

The QCD has not been eligible to fund what are known as "split-interest" gifts. These are charitable strategies that involve a gift to charity and a stream of payments to a non-charitable beneficiary. Charitable Gift Annuities involve a gift to charity in exchange for a promise by the charity to pay the donor and perhaps another person a fixed dollar amount annually for life. The amount payable for life is determined by the age(s) of the individual(s) to be paid and the dollar amount of the gift.

The QCD has also not been eligible to fund either a Charitable Remainder Unitrust or Charitable Remainder Annuity Trust. These trust arrangements involve the payment of either a percentage of the value of the trust annually (in the case of the Unitrust) or

a fixed payment amount (in the case of the Annuity Trust) per year to a non-charitable beneficiary (usually the donor, or one or more family members), with the remainder being paid to one or more charities specified in the trust, after a term of years or upon the end of life of the non-charitable beneficiaries, again, as specified in the trust.

The Legacy IRA Act would permit a one-time QCD of up to \$50,000 from an IRA to a charitable gift annuity (CGA), charitable remainder unitrust (CRUT) or charitable remainder annuity trust (CRAT). This can be an extremely tax efficient option for charitably inclined individuals to support charity and their own financial plans.

Practically speaking, funding a trust with \$50,000 is not generally feasible. A donor could create a CRUT and make an additional tax-deductible gift with other assets, such as appreciated securities, and also make a \$50,000 gift using a QCD. This would not be possible under current IRS regulations for a CRAT.

For the establishment of a CGA, however, this provision offers a great opportunity for charitably-inclined individuals and the charities they support. Generally speaking, the rate that would be paid to the individuals under a CGA are far above most market offerings. Here is a sampling of some of the recently published rates from the American Council on Gift Annuities ([acga-web.org](http://acga-web.org)) that most charities follow in setting the rates they pay on CGA's":

<b>Age</b>	<b>Rates: Single Life</b>
70	5.3%
75	6%
80	7%

<b>Age</b>	<b>Rates: Single Life</b>
85	8.1%
90+	9%
<b>Ages</b>	<b>Joint Life</b>
70 and 73-75	4.9%
75 and 76-77	5.3%
80 and 82	6.1%
85 and 86	7%
90 and 91+	8.8%

These rates are significantly higher than those currently generated by many fixed-income investments like CD's, Treasuries or some bonds. Typically, a joint life annuity is created by two spouses, and the rates are slightly lower than those for single lives.

It also should be noted that using a QCD can reduce or eliminate entirely the Required Minimum Distribution for those age 72 and older, thus reducing the taxes ultimately paid that would otherwise be payable by the IRA owner taking the distribution.

For non-profit organizations, this could be a significant development if your organization offers charitable gift annuities as a strategy for gifts. For individuals age 70  $\frac{1}{2}$  or older, if you want to learn more, contact your legal and tax advisors about using a QCD of up to \$50,000 to fund a split-interest charitable gift.

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# Allen Financial Featured Speakers at Maine Land Trust Network Conference



Abraham Dugal

Allen Financial advisors and wealth managers Abraham Dugal and Sarah Ruef-Lindquist, JD, CTFA, were speakers for a session at the Maine Land Trust Network's day-long Land Conservation Conference held earlier this spring in Topsham at the Middle School.

Dugal and Ruef-Lindquist spoke about issues surrounding how to grow endowments through planned giving, when donors seek to provide long-term support through gifts that can be more complex than cash or marketable securities.

Land trust staff and board members gather annually for the opportunity to network, share organizational best-practices and learn from experts in fields that include conservation, land preservation, marketing and finance. It is produced by the Maine Coast Heritage Trust.



Sarah Ruef-Lindquist, JD, CTFA

Dugal and Ruef-Lindquist spoke about the policy foundations and recognition practices they view as necessary to have fiscally-sound and successful planned giving programs. Their backgrounds – hers as an attorney, financial and philanthropic advisor, trust officer; his as an investment manager and both as board members – contribute to their unique perspectives as advisors and fiduciaries and how they approach potential gifts through clients' estate and financial planning.

Given the unprecedented intergenerational transfer of wealth taking place in the United States, and the projections for gifts to non-profit organizations during the next 30 to 40 years in the trillions of dollars, organizations are well-served to pay greater attention to this area of resource development to build their long-term financial sustainability.

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**Planned Giving Topic of**

# Workshop for Local Non-Profits

Allen Financial of Camden advisors and wealth managers [Abraham Dugal](#) and [Sarah Ruef-Lindquist](#), JD, CTFA, were the featured speakers for [United Midcoast Charities](#) at Allen's offices in Camden in early February. They spoke about issues surrounding how to grow endowments through planned giving, when donors seek to provide long-term support through gifts that can be more complex than cash or marketable securities.



Participant groups at the presentation included Trekkers, Wayfinder Schools, Watershed School, Waldo CAP, Belfast Soup Kitchen, Speaking Place, Pen Bay YMCA, Ripple Initiative, Rockland District Nursing Association, Ecology Learning Center, Knox County Homeless Coalition, Window Dressers,

AIO, Big Brothers Big Sisters, and Coastal Children's Museum.

Dugal and Ruef-Lindquist spoke about the policy foundations and recognition practices they view as necessary to have fiscally-sound and successful planned giving programs. Their backgrounds – hers as an attorney, financial and philanthropic advisor, trust officer – his as an investment manager – and both as board members contribute to their unique perspectives as advisors and fiduciaries and how they approach potential gifts through clients' estate and financial planning.

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The Financial Advisors of Allen and Insurance Financial are Registered Representatives and Investment Adviser

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# Planning Giving Seminar for Area Non-Profits



Abraham  
Dugal

Allen Financial of Camden advisors and wealth managers Sarah Ruef-Lindquist, JD, CTFA, and Abraham Dugal were the featured speakers at an event attended by a number of Maine non-profit organizations, held at and hosted by the Island Institute in Rockland.

Dugal and Ruef-Lindquist presented the program “The Ultimate Equation: Donor Passion + Thoughtful Planning = Planned Gifts Is your organization prepared?” Learn how to build strong policy foundations to support planned gifts and endowments.

Among those organizations participating were the Schoodic Institute, Farnsworth Art Museum, Midcoast Recreation Center, Mildred Stevens Williams Memorial Library, Harbor House, Island Institute and Georges River Land Trust.



Sarah Ruef-

Lindquist,  
JD, CTFA

Dugal and Ruef-Lindquist spoke about the policy foundations and recognition practices they view as necessary to have fiscally-sound and successful planned giving programs and endowment funds.

Dugal's background at Fidelity Charitable Gift Fund and Cambridge Associates in Boston position him as a seasoned advisor in the area of endowment management. He reviewed the detailed aspects of sound fiscal policies that boards include in order to fulfill their fiduciary duties related to both investment and spending.

Given the unprecedented intergenerational transfer of wealth taking place in the United States, and the projections for gifts to non-profit organizations during the next 30 to 40 years in the trillions of dollars, organizations would be well-served to pay greater attention to this area of resource development to build their long-term financial sustainability, Ruef-Lindquist said.

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## **Sarah Ruef-Lindquist Featured Speaker at May meeting of the MDI Nonprofit Alliance**



Sarah Ruef-  
Lindquist,



JD, CTFA

Sarah Ruef-Lindquist, JD, CTFA of Allen Financial was the featured speaker at the May meeting of the MDI Nonprofit Alliance (MDINA) held recently at the Acadia National Park Headquarters offices.

MDINA is a collaborative group of nonprofits in the Mount Desert Island area who share event planning, development and other resources, including educational programming, to support their respective missions. Some of the participant groups who were represented at the meeting include the Criterion Theatre, Camp Beechcliff, Jackson Laboratories, Jesup Library, Schoodic Institute, MDI Nursing Association, Island Connections, YWCA, Bar Harbor Food Pantry, Southwest Harbor Library, Friends of Acadia, Wendell Gilley Musuem, Healthy Acadia and Island Housing Trust and host, Acadia National Park.

Ruef-Lindquist spoke about the policy foundations and recognition practices she views as necessary to have fiscally-sound and successful planned giving programs. Her background as an attorney, financial and philanthropic advisor, trust officer and board member contribute to her unique perspective as an advisor and fiduciary and how they approach potential gifts through clients' estate and financial planning. She was invited to present as a long-time member of the board of the Maine Planned Giving Council, an association of non-profit board and staff as well as professional advisors involved in the industry of gift planning.

Given the unprecedented intergenerational transfer of wealth taking place in the United States, and the projections for gifts to non-profit organizations during the next 30 to 40 years in the trillions of dollars, organizations would be well-served to pay greater attention to this area of resource development to build their long-term financial sustainability, Ruef-Lindquist said. She is no stranger to Hancock County, having worked as a

Senior Administrative Trust officer for Union Trust until a merger in 2008 with Camden National, and as a past board member and development chair for the Abbe Museum.

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# **Sarah Ruef-Lindquist Takes Part in Panel Discussion at Maine Planned Giving Council Meeting**



Sarah Ruef-Lindquist,  
JD, CTFA

Sarah Ruef-Lindquist, JD, CTFA, a financial planner at Allen Insurance and Financial in Camden, recently participated in a panel discussion at the Maine Planned Giving Council's conference held in South Portland attended by approximately 150 professionals involved in the gift planning industry.

Attendees included development professionals and executives from non-profit organizations, and professionals who advise donors in estate or financial planning, including attorneys and accountants, from across the state.

Ruef-Lindquist has had a role in planned giving as an attorney, former trust officer and philanthropic advisor and consultant to non-profits across New England. She previously served as vice president for Southern Maine of the Maine Community Foundation

and CEO of the Maine Women's Fund.

Along with Kristen Farnham, Vice President of Development at Spurwink and Sarah McPartland Good, Director of Planning Giving at the University of Maine Foundation, Ruef-Lindquist led more than 40 people in a discussion about marketing planned giving, noting that one size does not fit every organization.

Ruef-Lindquist and the other panelists provided examples from organizations large and small, including universities, colleges, land trusts, social service organizations and others, demonstrating how to best reach those whose passions and loyalties to the mission of a particular organization compel them to consider making gifts through their planning to them.

Planned gifts often support building the long-term funds of organizations, including their endowment, and serve as a means of providing financial sustainability for the long term. Because of the projected intergenerational transfer of a vast amount of wealth occurring now in the U.S., the topic is of great interest to organizations and the advisors working with their donors.

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# Good News for Maine Non Profit Organizations

By Sarah Ruef-Lindquist



Sarah Ruef-  
Lindquist,  
JD, CTFA

According to **Giving USA 2017**, philanthropy grew to a record \$390.05 billion in 2016 to U.S. charitable organizations, 2.7% more than 2015, another record-setting year. It may have helped that personal consumption and disposable income were up by almost 4%, and that the S&P ended the year 9.5% higher than it began, despite a politically tumultuous year. The annual report is an ongoing collaboration of the Giving USA Foundation, the Giving Institute and the Lily Family School of Philanthropy.

Here in Maine, we don't have the 2016 data just yet, but the most recent Giving in Maine 2017 Report shows that individual giving in 2014 was over \$451 million, up about 4% from the previous year.

Many years, Maine falls into the bottom 3 or 4 states in terms of total annual charitable giving. But Mainers are generous when it comes to making gifts to charities through their estates. Maybe they can't afford to share more of their wealth while they are alive, but when they're gone, they remember their favorite community organizations as if they were a member of the family. Looking deeper into the data over the past 7 annual reports, Mainers have giving almost \$800 million to charity through their estates or bequests, an average of \$100million per year, according to the Maine Philanthropy Center's reports. While the dollars may be fewer in comparison to many other states, the average frequency of estates making gifts to charity is often higher. Data collected by the Maine Philanthropy Center has shown that 27% of taxable estates in Maine – versus 20% nationally – make charitable gifts. That's a significant number, and speaks to the thoughtful generosity of people who care deeply about their communities, making gifts when it makes sense for them. That's good news for Maine non-profits.

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# Newsletter for Non-Profits, September 2017



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Newsletter  
for Non-  
Profits  
September  
2017

We're pleased to share the September 2017 edition of our Non-Profit Navigator. [Click here to read it \(PDF, new window\).](#)

Topics in this edition include Giving Trends, Directors and Officers Liability coverage; the Employee Retirement Income Security Act (ERISA).

If you would like to receive this newsletter by email, please contact Sarah Ruef-Lindquist at [srueflindquist@allenfg.com](mailto:srueflindquist@allenfg.com).

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## Good News for Maine Non-Profits

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Non-Profit  
Navigator  
May 2017

We're pleased to share the May 2017 edition of our Non-Profit Navigator. [Click here to read it \(PDF, new window\).](#)

Topics in this edition include Planned Giving and Understanding Employee Benefits Liability.

If you would like to receive this newsletter by email, please contact Sarah Ruef-Lindquist at [srueflindquist@allenfg.com](mailto:srueflindquist@allenfg.com).