

Bequests

90% of planned gifts take the form of bequests; legacy gifts left to a nonprofit after a donor has passed away, for which the donation process is relatively straightforward. A donor can make a charitable bequest via a trust, will, or estate plan.

Charitable bequests usually fall into three categories:

- **Specific Amount:** Just as it sounds, in these cases a donor allocates an exact set of funds to an organization.
- **Remainder:** In this case, a donor can choose to have a nonprofit receive any money left after all other bequests are paid out.
- **Percentage:** A donor can also choose to gift your organization a set percentage of his or her total wealth.

Charitable Gift Annuities

A somewhat more complicated process, charitable gift annuities are contracts between a donor and a nonprofit in which the donor gives a large amount of money in exchange for the nonprofit's promise to pay the donor a fixed annual income for life, or some other mutually agreed-upon period of time. During this time, the nonprofit is able to invest the money and grow income through it. Once the pay period ends, the nonprofit retains any remaining funds.

Trusts

There are several types of trust, but each share the basic principle that recipients are given a certain amount of money from the trust annually until its completion. These fall into two main categories, Charitable Remainder Trusts and Charitable Lead Trusts.

Charitable Remainder Trusts are irrevocable trusts that pays a specified annual amount to the recipient for life, or another fixed period of time. At the end of the term, the remaining trust assets are transferred to the charity. This type of trust can be structured as either an annuity trust which pays out a fixed amount to the recipient each year, or a unitrust, which pays out a fixed percentage of the trust value which is recalculated annually.

Charitable Lead Trusts are similar to charitable remainder trusts, but annual payments are given to a nonprofit rather than the donor, and the principal reverts to the donor or their designated beneficiaries at the end of the trust term.

Pooled Income Funds

A pooled income fund is a trust that is established and maintained by a public charity, and operates similarly to a charitable remainder mutual fund. Individual donors contribute to the fund, which combines them for investment purposes. Each year, the fund's net investment income is distributed among fund participants, proportionally to their investment. Such distributions occur throughout the donor's lifetime, after which the portion of fund assets attributable to that donor is removed from the fund and transferred to the organization.