

# Planned Gift Options

To learn more about each type of planned gift, click it's section.

## [Section 1: Bequests](#)

One of the simplest ways to support Winterthur's future, a bequest provides a gift for the museum in your will.

## [Section 2: Charitable Gift Annuities](#)

An agreement between you and Winterthur that provides you with regular fixed payments annually (an annuity) for life in exchange for transferring assets to Winterthur.

## [Section 3: Charitable Remainder Trusts](#)

An agreement between you and a trustee that can provide fixed or variable income to meet your specific financial needs, at the termination of which the remaining assets are passed to Winterthur.

## [Section 4: Charitable Lead Trusts](#)

An agreement between you and a trustee that provides income to Winterthur for a period of years, at the end of which the trust property passes to an heir.

## [Section 5: Gifts of Collections and Tangible Personal Property](#)

Gifts of collections are an important part of Winterthur's efforts to build and expand its collection of objects relating to America between 1640 and 1860. Donors receive a tax deduction based on the appraised value of their collections at the time of transfer.

## [Section 6: Gifts of Appreciated Property](#)

Gifts of non-cash property, such as stocks and mutual funds, that have grown in value (appreciated) and been held long-term (more than one year) are given to Winterthur. Thus, enabling you to bypass capital gains could be due if you sold the asset.

## [Section 7: Gifts of Life Insurance](#)

Gifts of life insurance are an affordable way to make a significant donation to Winterthur. Donors may assign a previously existing life insurance policy to Winterthur, or they may purchase life insurance with Winterthur as the owner and beneficiary.

## [Section 8: Gifts of Real Estate](#)

Gifts of real estate can provide significant tax benefits for donors. Once donated, the real estate is sold to benefit Winterthur and its mission/programs. Gifts of real estate are usually deductible for the full market value of the property, up to 50 percent of adjusted gross income, or up to 30 percent if there has been a long-term appreciation.

## [Section 9: Frequently Asked Questions](#)

**Disclaimer:** The purpose of the web site is to provide general gift, estate, and financial planning information. Winterthur, nor the author, is engaged in legal or tax advisory service. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained.

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# Section 1:



## Bequests

A bequest in a will can be the simplest way to support Winterthur through planned giving. A donor may make an unrestricted bequest of a set amount of cash or a percentage of an estate. Funds may be left to an endowment, for specific areas of Winterthur's operations, or for general purposes. Donors may also leave collections, real estate, and other assets through a will bequest.

A bequest may be made directly in a will, or a codicil may be added so that your will need not be rewritten. Winterthur can provide you and your attorney with sample wording and other assistance in drafting a will bequest.

**Example:** During his lifetime, Tom greatly enjoyed his many visits to Winterthur. He was also a regular attendee of Winterthur's popular ceramics conferences. An avid collector of Chinese porcelain, Tom decided to leave his collection of rare Fitzhugh porcelain to Winterthur. He did this through a bequest in his will, and included a portion of his estate to create an endowment to fund research and interpretation of ceramics in the collection.

During his lifetime, Tom was able to enjoy membership in the Museum's Port Royal Society and attended the Society's events.

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## Section 2:



# Charitable Gift Annuities

With a charitable gift annuity, donors make a one-time gift of cash or securities and in return receive a set payment annually for their lifetime and a charitable tax deduction for a portion of the donation. A gift annuity can also be made by two donors, who share the payments over their lifetimes.

The amount paid from a gift annuity is based on a donor's age and the age of any others receiving payments from the annuity. The older the donor is, the larger the payout. Usually, a portion of the income for a beginning period is exempt from income taxes. A minimum donation of \$10,000 is required.

**Example:** Jennifer, 75, decides to give \$20,000 for a Winterthur gift annuity. The payment rate at her age is 6.3%. She will thus receive a payment each year of \$1,260 for life and a tax deduction of over \$9,200 for the year of her gift.

In addition to the income tax deduction, over 70% of each annual payment will be received free of tax for the first 12 years of her payments.

If Jennifer had wished, she could have named her sister or another loved one to continue to receive annual payments for his lifetime in the event of her death. The payment rate and tax benefits in such a case would be somewhat less since the payments would be made for two persons' lives.

Amount transferred to Winterthur  
... \$20,000

Rate of payment to Jennifer  
... 6.3%

Annual payment to Jennifer for life  
... \$1,260

Immediate income tax charitable  
deduction  
\* ... \$9,223

\*depends on IRS discount rate in effect

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## Deferred Gift Annuities

Gift annuity rates are higher for older individuals, which generally make them most attractive to persons in their retirement years. If you are age 55 or more and are planning for your retirement, you might want to consider an option known as a **deferred gift annuity** as part of your retirement planning. A deferred gift annuity allows you to transfer funds to Winterthur today, thus receiving an immediate income tax charitable deduction, while deferring payments to you until at a future date you specify.

**Example:** George and Michele, both age 60, are in their peak earning years and highest tax bracket. They had planned to make a gift to Winterthur through their will. They are also concerned with assuring themselves adequate retirement income.

George and Michele decide to transfer \$50,000 to Winterthur for a deferred gift annuity agreement. They receive an income tax charitable deduction this year for over \$13,000, which helps offset income taxes today. When they reach age 70, annual payments of 8.5% of the amount donated, or \$4,250, will begin and continue for as long as either of them lives.

George and Michele plan to create another deferred gift annuity each year until retirement. They are thus able to make substantial and much appreciated gifts to Winterthur while they help build future economic security using funds that they had already planned to leave to Winterthur.

Amount transferred to Winterthur	...	\$50,000
Annual payments beginning at age 70 for as long as either George or Michele lives	...	\$4,250
Immediate income tax charitable deduction	...	\$13,525
*depends upon IRS discount rate in effect		

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## Section 3:



# Charitable Remainder Trusts

A charitable remainder trust is a powerful tool that allows donors to potentially receive lifetime annual income, receive a charitable deduction immediately, and make a significant gift to Winterthur. A charitable remainder annuity trust pays a fixed income and a charitable remainder unitrust pays income based on the performance of the assets in the trust.

Trusts also permit a person to arrange for their property to first be used in one way, then to another. A **charitable remainder trust** offers a way to arrange a meaningful gift to Winterthur, while first providing income for yourself and/or others you name.

The basic functions of a trust are illustrated below:

1. The donor creates a trust, drafted by an appropriate professional advisor with the input of a Winterthur representative if desired.
2. Cash or other property is transferred to the trust to be managed by the donor or another person or other entity you choose as trustee. The trustee manages the property for the donor, his/her spouse, and/or other beneficiaries the donor may choose.
3. Each year payments are made from the trust to donor and/or other beneficiary(ies).
4. The donor receives an income tax charitable deduction and may enjoy capital gain tax savings in the year the trust was created.
5. Payments continue until the trust ends. The trust document specifies the time when this is to occur, such as at the death of the last beneficiary or after a stated period of time.
6. When the trust terminates, its assets become a gift to further the work of Winterthur. The gift portion is known as the charitable remainder. If donor wishes, it can be used to create a memorial honoring whomever he/she chooses.

A **charitable remainder annuity trust** allows you to make a gift where you would receive a fixed, regular income. This type of trust can be a reliable supplement to other income in retirement years. Through the use of such a plan, professional management of assets can also be achieved for you and/or surviving loved ones. Annual payments received must be at least 5% of the amount originally placed in the trust. You determine the exact amount when your trust is created.

### Example:

Amy, 72, decides to transfer \$250,000 to a charitable remainder annuity trust. She funds the trust with stocks that cost \$150,000 and are yielding just 1%, or \$2,500, per year in income.

Amy provides that her trust will pay her 5% of \$250,000, or \$12,500 each year, regardless of the actual earnings of the trust. She is pleased to be able to greatly increase her income while making a significant gift to Winterthur.

### Here are the results Amy achieves:

Annual income for the rest of her life  
(5% of \$250,000) ... \$12,500

Capital gains tax upon creation ... \$0

Income tax deduction\* ... \$129,848

(Her deduction may be carried forward for as many as five future years if amount is more than can be deducted in the year of her gift.)

\*Deduction amount depends upon IRS rate in effect.

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## Charitable Remainder, Unitrust

Similar to the **charitable remainder**, **unitrust** provides for a gift while you, the donor, retains income. But unlike the annuity trust, the income from a unitrust fluctuates with the value of the assets placed in the trust.

A unitrust allows you to determine the annual payout percentage when the gift is made. Each year this percentage (at least 5%) of the value of the trust assets is paid to you or others that you may name. When the value of the investments goes higher, more income is received. The income will be less if the value of the assets declines. Additions can be made to this trust, and a tax deduction is allowed for part of each amount contributed.

For those who have reached the limit that can be deducted for contributions to Individual Retirement Accounts (IRAs) and other retirement plans, the charitable remainder unitrust could play a welcome role in building additional income for retirement years.

**Example:** In the example above, if Amy had instead chosen the charitable remainder unitrust option with payments based on 5% of the value of the assets in the trust each year, the first year she would receive \$12,500. Next year, if the assets are worth \$275,000, her income rises to \$13,750 (5% of \$275,000). If the value of the assets is less next year, her income will be reduced by a corresponding percentage.

In this case, Amy is entitled to a deduction equal to over half of the amount with which she funds the trust. She also avoids capital gains tax at the time the trust is created. The charitable remainder unitrust can be an excellent way to provide for an income today with the possibility of future growth for those who believe that investment assets will grow in value in future years.

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## Section 4:



# Charitable Lead Trusts

Another powerful tool, a Charitable Lead Trust enables you to make a significant gift of income to support Winterthur immediately, and for as long as you wish, while at the same time reducing or eliminating income, estate, and gift taxes now and in future years. A charitable lead trust can be used to achieve what might at first seem to be conflicting goals.

A charitable lead trust is created by you, the donor, with any of the following items: publicly-traded stock, closely-held stock, cash, bonds, or income producing real estate, for a set period of years, during which time the income comes to Winterthur. Any income that Winterthur receives from the trust is not taxed to you, the donor. At the end of the trust period, the assets in the trust revert to you heirs. Thus, resulting in an inheritance for loved ones at little or no after-tax cost. A charitable lead trust is a method to meet multiple personal and charitable planning goals.

**Example:** During her lifetime, Mrs. Johnson was a regular supporter of Winterthur's programs for children. She often visited with her grandchildren and especially enjoyed the children's garden, Enchanted Woods at Winterthur.

In her will, Mrs. Johnson created a charitable lead trust with appreciated stock, with the annual income from the trust going to Winterthur for ten years. During this time, the funds were used to support children's programs. After ten years, the assets in the trust passed to her grandchildren and were not counted as part of her estate for tax purposes. As such, Mrs. Johnson was able to reduce the net value of her taxable estate, while making a sizable contribution to Winterthur.

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## Section 5:



# Gifts of Collections & Tangible Personal Property

Gifts of collections are an important part of Winterthur's efforts to build and expand its collection of objects relating to America between 1640 and 1860. Donors receive a tax deduction based on the appraised value of their collections at the time of transfer, and when donated from an estate, may reduce the net taxable estate value. Donors are entitled to an income tax deduction for the full fair market value of the collections if Winterthur's use of the collections is directly related to Winterthur's tax-exempt purpose. If the use is not related to Winterthur's tax-exempt purpose, the donor is entitled to a tax deduction for only the original cost of the property.

**Example:** Oliver often visited Winterthur Museum & Country Estate and was a member of the Museum for many years. Oliver created a codicil to his will leaving his collection of porcelain to the Museum. Thanks to his will, Oliver's collection became part of Winterthur's world-renowned and growing collection of Chinese export porcelain. His objects were put on display in several period rooms and in the Museum's Glass and Ceramics Study Room, where they are used by students of all ages. Several of the objects help complete Winterthur's collections, and Oliver's objects will receive professional care in perpetuity. Recently, several members of Oliver's family visited Winterthur and were given a private tour of the objects he donated.

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## Section 6:



# Gifts of Appreciated Property

A gift of appreciated securities can involve the donation of appreciated stock or other assets that have increased in value over time. Donors may realize significant tax savings and increased charitable deductions as a result of a gift of this kind.

**Example:** Jane and Mark purchased 1,000 shares of Indigo Corporation stock in the early days of the company, now over 15 years ago. Since that time, shares in Indigo Corporation have increased in value beyond anyone's expectations. Their initial investment of \$3,500 has now increased in value to \$105,000 and the stock has split several times.

If Jane and Mark sell their stock, they will pay capital gains taxes on the increase in the stock's value. By donating the stock directly to Winterthur, however, they avoided capital gains taxes, and were able to deduct the full value of the stock on the day it transferred to Winterthur, including their original investment. In this way, Jane and Mark were able to make a significant gift to Winterthur, maximize their charitable deduction, and avoid capital gains taxes.

Winterthur used Jane and Mark's gift to fund the restoration of the Museum's Box Scroll Garden, an important step in the overall effort to return Winterthur's garden to its former glory. Jane and Mark now enjoy lifetime membership in the Port Royal Society, including free admission to the Museum's gardens and galleries.

### Stock/Wire Transfer Instructions

**Wire transfers** should be sent to Winterthur Account Number 2457-2722 at Wilmington Trust Company (Rodney Square North, 1100 N. Market Street, Wilmington, DE 19890-0001); ABA: ABA 031-100092. Please use your name as a transfer reference and notify [contributions@winterthur.org](mailto:contributions@winterthur.org).

**Appreciated Stock & Mutual Funds** may be transferred to Winterthur, with the donor enjoying advantageous income-tax treatment. Send a letter to your broker indicating the number of shares of each security you wish to give, with instructions for the broker to telephone Ms. Pegeen Lodge, Morgan Stanley Dean Witter at 302.657.2057. The Winterthur account number is 502-51049-058, DTC #0015. *Please do not instruct our broker to sell on Winterthur's behalf, and please do not send the securities to a transfer agent to transfer them into Winterthur's name.* The date of your gift will be the date on which the ownership of the securities is actually transferred into Winterthur's account. The amount of the gift for tax purposes will be the mean value of the high and low value of each security on the date of transfer, regardless of when your stock broker received your instructions. If you hold physical stock certificates, please contact the Office of Major Gifts for specific instructions at 302.888.4726.

The Winterthur Tax ID Number is 51-0066038.

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## Section 7:



# Gifts of Life Insurance

For many, a gift of life insurance is an affordable way to make a significant donation to Winterthur on a small budget. Donors may assign a previously existing life insurance policy to Winterthur, or they may purchase life insurance with Winterthur as the owner and beneficiary.

**Example:** Mary attended graduate school through the Winterthur Program in American Material Culture (WPAMC), before enjoying a career in the auction world. When she was younger, Mary purchased a life insurance policy in case her children would need the money. Now grown and established in their careers, Mary's children no longer need the protection of a life insurance policy. As such, Mary donated the policy to Winterthur.

Mary's life insurance policy will be used to support the travel program for WPAMC students and the graduate programs offered by the Museum. Mary believes this is the best way to significantly give back to Winterthur in recognition of the support the Museum gave her early in her career.

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## Section 8:



# Gifts of Real Estate

Gifts of real estate can provide significant tax benefits for donors. Once donated, real estate is sold to benefit Winterthur and its programs. Gifts of real estate are usually deductible for the full market value of the property, up to 50 percent of adjusted gross income, or up to 30 percent if there has been long-term appreciation.

**Example:** Jim and Barbara purchased a small house at the Delaware beach but no longer use the property. Since their purchase, the property has significantly increased in value. The property has never been their primary residence. They have made a small amount of income renting the cottage, but are ready to end the headaches associated with being short-term landlords.

Jim and Barbara donated their cottage to Winterthur and received a tax deduction for the value of the house, which they were able to spread over five years, enjoying a deduction on their income tax in each year. Winterthur sold the cottage and invested the funds in the Museum's main endowment, ensuring that the endowment grows to meet future expenses and improvements.

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# Section 9:



## Frequently Asked Questions

### **What are the benefits of making a planned gift?**

This depends on the kind of planned gift you decide to make and on the goals you have for your giving. Some gifts provide significant tax savings and others provide enhanced current income and a smaller tax deduction.

### **Can I make a planned gift to an area of the Museum that interests me?**

Absolutely. Winterthur staff can assist you with the wording needed to ensure your gift supports your area of greatest interest.

### **Can I establish a charitable trust to benefit more than one charity?**

Yes. A charitable remainder trust may benefit more than one organization. Winterthur staff is happy to work with donors with varied interests in their estate planning.

### **Should I consult my attorney or estate planner?**

Yes. The best person to discuss your plans with is a qualified attorney or estate planner, who can assist you in identifying the wisest way to support Winterthur for your individual situation.

### **Can I make a gift to Winterthur in my will and receive benefits and recognition now?**

Yes. Many members of the Port Royal Society are members as a result of planned will gifts.

### **Can I be an anonymous planned giving donor?**

Yes. Many planned gift donors chose to do so anonymously for a variety of reasons. You can receive all of the benefits of the Port Royal Society, including free admission, and still maintain your individual privacy.

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