

Planned Giving Glossary of Terms

This Planned Giving Glossary of Terms is adapted with permission from Stellar Technology Solutions' Glossary of Terms.

Asset – Cash, stocks, bonds, real estate or other holdings. Generally, Assets are invested to provide spendable dollars for Granting.

Bequest – A Gift, by will, to a specific recipient. A charitable bequest is a transfer at death to a nonprofit organization for charitable purposes.

Cash – The most common type of Gift made to most foundations (Example: cash/check/credit card Gifts).

Charitable Gift Annuity (CGA) – A Gift of Cash or Securities in exchange for the promise of lifetime income, immediate (CGA) or deferred (DCGA). It is a contract between the donor and the foundation that is part charitable Gift and part purchase of an annuity. The total assets of the foundation back the payments.

Charitable Lead Trust (CLT) – Pays the trust income to a foundation first for a specified period, with the principal reverting to the donor or going to other individuals at the end of the period. If established by will, it is known as a Testamentary Charitable Lead Trust (TCLT).

Charitable Remainder Trust (CRT) – A Gift plan that provides income to one or more beneficiaries for a set amount of time, up to lifetime. Assets, usually cash, securities or real estate are transferred to a trust that pays income to the beneficiaries for the term of the trust. When the term ends, the assets in the trust pass to the foundation. Can be established as a Charitable Annuity Trust (CRAT) with a fixed payout or as a Charitable UniTrust (CRUT) with a variable payout. Can be established during the donor's lifetime (CRT) or by will (TCRT).

Complex Gift – A contribution consisting of multiple cash or security contributions, or a combination of them, specified as a single transaction.

Deferred Gift – Methods of giving which require the wait of a year or more before being able to use the Gift Assets.

Distribution Rule – Rules that direct a particular amount or a percentage of an account's spendable balance to a particular grantee or a particular field of interest or geographical area.

Donor – Party that makes a Grant or contribution.

Donor-Advised Fund (DAF) – A fund held by a foundation where the Donor (or their representative) may recommend eligible charitable recipients for Grants from the fund. The foundation's governing body must be free to accept or reject the recommendations.

Gift, Charitable – Gift can be defined as "something voluntarily transferred by one individual to another without compensation." A charitable Gift is a Gift of money or other property to a foundation for charitable purposes for which the Donor does not reasonably anticipate a benefit from the Grantee in return. The Internal Revenue Service's Code Sec. 170, income-tax charitable contribution provision, and numerous court cases further define "charitable Gift."

Grant – Award of funds to a party to undertake charitable activities.

Grantee – Party that receives a Grant.

Grantor – See Donor.

Life Insurance (Gift of) – Life insurance is easy to give and to receive. The Donor must make the organization both owner and beneficiary of the insurance policy for the IRS to regard the transaction as a charitable Gift.

Matching Gifts Program – Grant or contributions program that matches employees' or directors' Gifts made to qualifying educational, arts and cultural, health, or other organizations. Each employer or foundation establishes specific guidelines. Some foundations also use such a program for their trustees.

Pledge – Promise to make future contributions to an organization. Example: some Donors make multi-year Pledges promising to Grant a specific amount of money each year.

Spending Rule – Determines how much a Donor account should Grant out in a pre-selected period.