



Shaping Tomorrow's Global
Built Environment Today

Frequently Asked Questions (FAQ)

What is an endowed gift?

An endowed gift is a gift that ASHRAE Foundation holds in perpetuity. The gift is invested, and only a portion of its average annual investment return is used for purposes specified by the donor. The remaining investment return is added to the principal, so that the principal maintains its value over time. Thus, a donor who creates an endowed gift today can be confident that it will grow and continue to support ASHRAE Foundation in the years to come.

Can I designate the use of a life income gift?

Yes. Any assets remaining after the lives of the designated beneficiaries are used for the purposes specified by the donor. You can have the satisfaction of supporting students and faculty in scholarship, education, basic science research, or other programs that match your interests and the causes you care about most.

Do I have to tell the Foundation if I have included it in my will?

We encourage you to do so and will work with you to ensure that your gift intention is fulfilled. Also, your bequest will qualify you for the Heritage Society and their events at the Winter and Annual Meetings.

Can I split my gift among other organizations?

Yes. If you establish a charitable remainder trust, you can assist another charitable organization in addition to ASHRAE.

What are the advantages of making a bequest to ASHRAE Foundation?

For many donors a bequest offers the opportunity to make a more substantial gift than would be possible during their lifetime. Other donors view a bequest as an opportunity to give a lasting legacy to ASHRAE.

Do I need to retain legal counsel to establish a planned gift for ASHRAE?

Due to the importance of such a decision and legal and tax implications, we advise that you consult with your attorney before establishing a trust with ASHRAE Foundation.

What are the kinds of gifts I can give to ASHRAE Foundation?

Generally speaking, during your lifetime you can make an outright gift of cash, securities, or other property (e.g., real estate, personal property). The majority of ASHRAE Members give cash or securities.

Upon your death you can make a gift through your will or with a distribution from a retirement plan or life insurance policy.

You also have the option of making a gift that returns lifetime income to you, your spouse, or other individuals, such as a charitable gift annuity, a charitable remainder unitrust, or annuity trust.

What sort of assets can I use to make a gift?

Almost anything: cash, publicly traded securities, life insurance, the balance of your retirement account. Other assets can be very valuable but are more complicated to administer and must be reviewed by us before we can accept them as gifts: real estate, closely held stock, artwork, and collectibles.

What tax deduction will I receive for my gift?

It depends on the form your gift takes:

- Outright gifts to ASHRAE Foundation generate a full income-tax charitable deduction. Outright gifts of appreciated securities are deductible at fair market value, with no recognition of capital gains - a great tax benefit!
- Gifts of personal property, like art, books, and collectibles, are fully deductible as long as they are relevant to our mission. We can advise you on this point.
- Bequests do not generate a lifetime income tax deduction. They are exempt from estate tax, however.
- Similarly, life insurance distributions to ASHRAE Foundation are not income-tax deductible, but are exempt from estate tax. If you have made us the irrevocable owner and beneficiary of a policy during your lifetime, you may deduct annual gifts that offset premium payments (for more details on this point, see Question 5 below).
- The charitable deduction for a gift that returns income to you, such as a charitable gift annuity or a charitable remainder trust, is the fair market value of the gift asset minus the present value of the income interest you retain.

If I make a planned gift, will ASHRAE continue to ask me for annual contributions?



We will, because the commitments address two different needs. Your planned gift is a significant addition to our long-term financial strength - our ability to meet the challenges and opportunities the future will bring. Today's research, however, is supported through your annual gift to the Research Promotion Campaign. We are grateful that you want us to be a force for good, both today and in the future.

Insurance:

Can I use my insurance to benefit charitable organizations?

Yes. This is an area overlooked by many. You can name one or more charities as an alternate or as a primary beneficiary. Furthermore, if you no longer need the policy proceeds in your estate for use now, you can transfer ownership of the policy to the charity or charities. If the policy has cash loan value, the charity can draw this out and use it. In this case, you not only receive a charitable gift deduction, but any additional premiums you pay are tax deductible for you now. And, upon your death, the charity receives the balance of the policy proceeds and none of it is included in your estate for tax purposes.

I want to retain ownership of the insurance policy but name ASHRAE Foundation as the beneficiary. Can I deduct the premium payments I make?

No. The IRS would not consider that a "completed gift" - they'd say that, as the owner of the policy, you could change the beneficiary designation to a friend or family member. ASHRAE must be made the irrevocable owner of the policy for gifts offsetting premium payments to be deductible.

Trusts:

What does the term "trust" mean?

A trust is a legal instrument for which a trustee is named to hold and manage the assets for you.

How can I judge which type of charitable trust is best for me?

The charitable remainder unitrust pays the income beneficiary a variable income, based on a fixed percentage of the trust assets as determined once each year. One of the advantages of a unitrust is that your income from the trust can increase as the trust principal grows over time. A unitrust, however, provides no guarantee that this will happen. The income you receive could stay the same or even decrease, although the past record of the Harvard Management Company's trust management suggests that it will increase.



The annuity trust pays the income beneficiary a fixed annual income determined at the outset. The annuity trust may be desirable if you are more interested in the security of a constant return than in the long-term growth potential of the unitrust.

How much of a charitable deduction will I get?

This depends on the ages of the income recipients, the size of your gift, the size of the distribution recipients will be receiving and the federal mid-term rate, a number calculated monthly by the U.S. Treasury Department. Our gift planning department can provide you with a detailed proposal which will include an estimated deduction.

What is the difference between a charitable remainder trust and a revocable living trust? A charitable remainder trust is irrevocable and cannot be changed once it is created. That is why you receive a favorable income tax deduction when you establish a charitable remainder trust. A revocable living trust can be altered during your lifetime.

Can I change my mind in regard to a bequest?

Yes. A charitable bequest made in your will or living trust is revocable during your lifetime.

What is the difference between a charitable remainder annuity trust (CRAT) and a charitable remainder unitrust (CRUT)?

The major difference is in the valuation of the trust assets, which partly determines the amount of income received by the income beneficiary(ies). The CRAT assets are valued at the time they are placed into the trust and are never revalued thereafter. Annual payments to the income beneficiary(ies) remain the same, regardless of whether the trust assets appreciate or depreciate in value.

CRUT assets are revalued annually. If the trust assets appreciate, the payment to the income beneficiary(ies) will increase. If the trust assets depreciate, the payment to the income beneficiary(ies) will decrease.

If a trust agreement is established as irrevocable, it means that it can't be revoked (broken) except under unusual circumstances. Why would anyone want an irrevocable trust?

Many times the reasons for an irrevocable trust involve estate and/or income tax avoidance. In order to be successful in such avoidance, the trustor must not have any direct or indirect power or control over the trust property or income. The regulations on this subject, set out by the Internal Revenue Code, must be carefully followed.

Charitable Gift Annuities:



I'm interested in establishing a charitable gift annuity. What financial provisions will you make for the income payments to me and my spouse? Is this safe?

Absolutely! Your charitable gift annuity will be treated as a general obligation of ASHRAE Foundation, backed by all of our assets. We have an unbroken record in making timely payments to our annuitants, and that ongoing responsibility is a key element in our financial policies.

Who can receive payments from a charitable gift annuity?

The donor, his or her spouse, a family member or any person the donor wishes to list as an annuitant. The maximum number of annuitants allowed is two.

Can I establish a charitable gift annuity and delay the start of the income until I will more likely need it, such as at my retirement?

Yes, this is called a deferred gift annuity. The donor receives a charitable deduction in the year the annuity is established, and since the annuity payments are tax-deferred for a period of time, the ultimate income increases the longer you wait to start receiving your payments.

Other Types of Gifts:

Can I transfer my IRA to ASHRAE Foundation to set up a life-income gift, and avoid income tax on the transfer?

Under present law, any lifetime distributions from an IRA are included in your taxable income, even if these funds are transferred to us. You do, however, receive a current charitable deduction when you establish a life income gift, which would partially offset the amount included in your taxable income. Proposed legislation would make the transfer tax-free, however. Watch our web site for updates.

I'd like to donate a painting, piece of jewelry or an antique car. Will you determine its value for my income tax deduction?

No, we can't. 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. Please keep in mind that ASHRAE Foundation is currently unable to accept many of these types of gifts due to the administrative services needed.



Questions?

Contact Us:

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[Click Here](#) to Email Us Your Questions Now.

