Benefits of Naming Child Development Resources in Your Estate Plans

Make a gift of cash, securities, or other property:
Stocks or property that have appreciated in value are taxed to the owner when they are sold. But if the stocks or mutual funds are not sold by the owner and donated to CDR "in-kind," there is no tax to the owner. Additionally, if the donor is eligible to itemize their return, the gift may be tax deductible.

One further opportunity presents itself in light of the new standard deduction on the 1040 form. Consider "bundling" two or three year's donations to qualify for itemizing deductions or simply establish a donor-advised fund for the purpose of donating to CDR. Your financial advisor can easily assist with the donor-advised fund process.

Designate a specific dollar amount, a particular asset, or a fixed percentage of your estate to CDR:
For instance, a couple has an estate valued at $1 million. They can specify that $100,000 should be bequeathed to CDR upon a second-to-die event, or they can leave property (land, a second home, etc.) to CDR. Or some might consider that 10% of remaining assets are bequeathed to CDR.

Leave all or a portion of your residuary estate to CDR after you have provided for your other beneficiaries:
A couple ($1 million net worth) with three children may determine that after estate expenses, "each of our three children shall inherit $300,000" further specifying that anything left over will go to CDR. Because market values of all property is variable, in this situation our example of $1 million net worth may be lower or higher. Regardless of what might be left after the parent's leave their agreed upon assets to their children, CDR would be the beneficiary of the balance.

Name CDR as a contingent beneficiary of your estate in the event your other beneficiaries do not survive you:
A couple has one child who is named beneficiary of an IRA, or life insurance policy. The child predeceases one or both parents. As a contingent beneficiary, CDR would become the "next in line" beneficiary and be entitled to the full amount of the proceeds. Absent this, the estate would become beneficiary and all assets would be delivered to others according to state law.

Leave a gift to CDR from your retirement plan, IRA or life insurance policy:
Each of the aforementioned can be decided by the owner. For instance, the owners might decide to leave each of their three children 30% of their estate. CDR could be named as the beneficiary of the remaining 10%. Perhaps an owner has no intended heirs or beneficiaries. All or part of the account can be designated to CDR.

One further note:
Taxpayers owning an IRA who are required to take RMD (Required Minimum Distributions having attained age 70 1/2) and have no need for the money, can designate CDR as recipient of their RMD for up to $100,000 each year. In this way, no taxes are levied against the IRA owner and gifts may be deductible.

Critical to consider:
One's CPA, accountant, attorney or financial advisor should be part of each of these decisions to make certain the choice is in your and your family's best financial interest.

50 YEARS AND GROWING

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