



Mission to promote excellence in estate planning by serving estate planning councils and their accredited members – AEP® and EPLS®
265 member Councils and 40,000 members

Council benefits include:

1. Access to Robert E. Alexander Webinars now free of charge
2. Council Roundtable sessions via zoom
3. Best Practices – Council of Excellence Awards
4. No-charge speakers program
5. Benefits (discounts) to services for individual professionals.

Go to www.naepc.org for more information



AEP®

Accredited Estate Planner® Designation

Administered by the National Association of Estate Planners & Councils, the Accredited Estate Planner® designation means “I believe in the team concept of estate planning” and attainment allows designees to distinguish themselves to clients and among peers as a true member of the team.

It is awarded only to estate planning professionals who meet special requirements of education, experience, knowledge, professional reputation, and character. This page of our website offers an overview of the program requirements and additional information can be obtained by downloading an application below or by reviewing the [“Frequently Asked Questions.”](#)



“As I focused more and more on estate planning in my practice, I began to realize the importance of finding another professional credential that spoke to my commitment to estate planning and need to collaborate successfully with other professionals in the estate planning team. No one professional can do it all and by earning the Accredited Estate Planner, AEP® designation I communicate to my clients and peers that I am actively engaged in building relationships with like-minded professionals who are aligned with my passion for excellence in estate planning. This collaborative approach brings out the best in me and my team in service to our clients. I highly recommend this designation so that you, too, can take your practice to the next level.”

- Paul S. Viren, CLU®, ChFC®, AEP®, designee since 2011

LEADERS in
the **ESTATE**
PLANNING
COMMUNITY



Requirements



Brief Overview of Requirements for all Applicants

- Active practice for a minimum of five years within the following disciplines: accounting; insurance and financial planning; law; philanthropy; and trust services
- [Devote at least 1/3 of one's time to estate planning](#)
- One or more of the following professional credentials: CAP®, CFA, CFP®, ChFC®, CLU®, CPA, CPWA®, CSPG, CTFA, JD (active law license required if this is the only credential with which you are applying), MSFS, and MST
- Three professional references from individuals with whom you have worked with on estate planning cases and assignments
- Current membership in an [affiliated local estate planning council](#)

Additional Requirement for Applicants with 5 – 15 years of Experience

- Two graduate courses provided through [The American College](#)



THE
**AMERICAN
COLLEGE**
OF FINANCIAL SERVICES®

The NAEPC partners with The American College of Financial Services to offer comprehensive graduate courses in estate planning to those who are interested in applying for the AEP® designation and are required to take coursework, or those who are simply interested in continuing education. Please note that the one required course for the designation formerly GS 815 – Advanced Estate Planning has been revised and renumbered so it now appears as MSFP 615 Advanced Estate Management and Planned

Giving. This course presents an overview of basic gift, estate and generation-skipping transfer tax law and tax computation processes. It also discusses the ownership and taxation of transfers of property during lifetime and at death in addition to marital, charitable giving, and life insurance planning. In addition, GS 838 – Business Succession Planning is now MSFP 543 Business Succession Strategies. To learn more about these or the other courses offered to satisfy the graduate coursework requirement for the designation program, please contact the Graduate School at 888-263-7265 or graduateschool@theamericancollege.edu.

Maximizing Value of Charitable Gifts

Giving of Assets vs. Income

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Why Charitable Giving?



Tax breaks



Match missions



Efficient use of funds to
address issues



Many charitable
causes:

health
religious
environ
mental
safety net
services



Why a Gift of Assets?

Gifts from your checkbook/income

Gifts of Assets

- Bypass capital gain taxes
- Give when not needed any more
- Efficient

Make more substantial gifts



Give Appreciated Assets

Real Estate

Appreciated
Stocks

Small
businesses

Land

Equipment

Art and
personal
property

Vehicles

Virtual coins



Retirement Accounts

Includes IRAs, 401(k)s, 403(b)s, 457s and other deferred compensation plans

All distributions are taxed at ordinary income rates

Restrictions on beneficiary IRAs

Still included in estate for estate tax purposes.



Bequests

Easiest Gift to make

Given through Will and/or Trust

Small or large percentage of your estate

Provide estate charitable tax deduction – lower estate taxes.



Real Estate

Bypass capital gains

Ok to give only a part
ownership

Income for a certain
period of time

Only substantial asset
many people have



Insurance Policies

PERMANENT

TERM POLICIES

“USE SOMEONE ELSE’S
MONEY”

COST EFFICIENT



Claiming the Charitable Deduction



- Cash
 - 60% of AGI to a public charity
 - 30% of AGI to a private non-operating charity
- Ordinary Income Property
 - 50% of AGI to a public charity
 - 30% of AGI to a private non-operation charity
- Carryover rule
 - You may carryover for up to five years



Claiming the Charitable Deduction

- Long Term Capital Gain Property
 - Up to 30% of AGI to a public charity
 - Up to 20% of AGI to a private non-operating charity
- Gifts of other than publically traded securities to private non-operating charity are limited to the **lesser** of cost basis or fair market value.
- Carry forward unused deduction for up to 5 years



OBBBA Charitable Changes

Deductibility must be greater than 0.5% of AGI

Non-itemizers deduct up to \$1,000

Top marginal tax rate maximum charitable deduction 35%

Made permanent 60% AGI Limit

New Tax Credit for Scholarships – up to \$1,700 beginning in 2027 in qualifying organizations

Standard deduction for 2026 is \$16,100 single/
\$32,200 MFJ



Planning Strategies for OBBBA

Accelerate Contributions in 2025

- High Income Earners to take advantage of no floor on charitable deductions
- Utilize Donor Advised Funds
- QCDs
- Donate Appreciated Securities
 - *High capital gains: Gift enough shares of highly appreciated securities to mitigate the capital gain taxes for gains taken to diversify portfolio*



Gifts To Provide Income

Many alternatives

Charitable Gift Annuities

Charitable Remainder
Trusts

Charitable Lead Trusts



Charitable Remainder Trust

- Bypass Taxes
- Increase Income
- Charitable Gift



Appreciated
Asset



This will allow you to bypass
Capital gains taxes and may give
You an income tax deduction.



CRT
will hold Appreciated Asset

Needs to be done before offer of sale

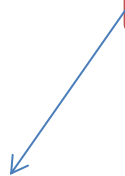


- CRT
- Will hold proceeds from sale of the appreciated asset

Death →

Charity

A minimum of 10% of
original value at the
time of deposit



5% Income for life to Grantors



Definitions

What can go in the trust?

Who can be the income beneficiary(s)?

How do you determine the income?

Who can be the charity?



Beneficiaries

Family members – parents, siblings, spouse

Public or private charity

At the time of gift, at least 10% must be left to charity

Donor Advised Fund



Grantors: Phil and Bette Anthropist
Age 65

A gift of appreciated securities
Market Value= \$1,000,000
Cost Basis= \$200,000



CRT
will hold Appreciated Asset

Needs to be done before offer of sale



CRT
Will hold proceeds from sale of the
appreciated asset

Death →

Charity

A minimum of 10% of
original value at the
time of deposit

An income tax deduction
of \$337,000 will be generated,
which may save \$133,729 in
taxes.

with \$800,000 Capital
Gain in 20% bracket the
outright sale would
have \$160,000 in
capital gain taxes



5% Income for life to Grantors
\$50,000 for life

\$840,000 of principal
would only generate
\$42,000 in income



Investment
Real Estate



CRT
will hold Investment
Real Estate



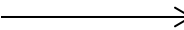
CRT
Will hold proceeds from sale
of Investment Real Estate

Death

Charity
For custom
purpose

A minimum of 10% of
original value at the
time of deposit

This will allow you to bypass
Capital gains taxes and may give
You an income tax deduction.

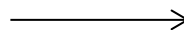


5% Income for life



Purchase Insurance

Death



Kids and grandkids

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Grantors:
Jim and Sandy Martinez
Both Age 65



Investment Real Estate
Cost Basis: 400,000
Market Value: 800,000



CRT
will hold Investment
Real Estate

Needs to be done before offer of sale



- CRT
- Will hold proceeds from sale of Investment Real Estate
- \$800,000

Death

Charity
For custom
purpose

This will allow you to bypass
Capital gains taxes and may give
You an income tax deduction.
Charitable Deduction: \$335,984
Income Tax Savings: \$158,011

Based on a 20% Capital
Gains rate the outright sale
would have owed taxes of
\$143,000 (20% Fed, 12% CA
and 3.8% net investment
income).

Outright sale
would have only
produced \$32,850
after the taxes are
paid.

5% Income for life
\$49,111

Total Before Tax benefit \$1,031,333

A minimum of 10% of
original value at the
time of deposit. Gift to
Charity \$1,212,533



Purchase Insurance

Death

Kids and grandkids

\$800,000 from Insurance Policy

Second to die policy, \$9,000 per year premium

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Distributing the Income

Must be between 5 and 50%

Five payout formats:

- **Annuity** – same amount regardless of value of trust assets
- **Standard** – fixed % of annual value of trust assets
- **Net Income** – pays lesser of full fixed % or actual income



Distributing the Income (cont.)

Net Income with Make-Up – to the extent income exceeds the amount required, the trust can distribute excess income to make up for prior years deficiencies

Flip – it begins life as a Net Income or NIMCRUT and converts to a standard trust in the year following a “triggering” event, i.e. sale of asset

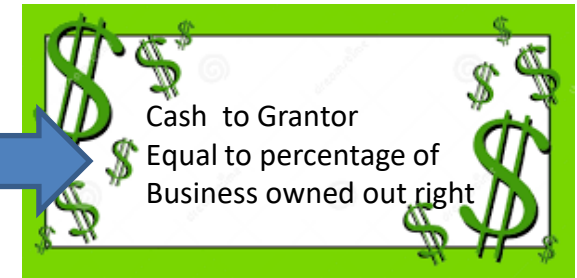


Divide Business
into two pieces

Needs to be done before offer of sale

Sale of Business

This will allow you to bypass
Capital gains taxes and may give
You an income tax deduction.



CRT
will hold a percentage of business

Death

Charity
For custom
purpose

CRT
Will hold proceeds from sale of
Investment Real Estate

A minimum of 10% of
original value at the
time of deposit

5% Income for life



Grantors are Jim and Susie
Martinez, both 65

Needs to be done before offer of
sale

Sale of Business
\$5,000,000 Fair Market Value
Cost Basis: \$100,000



Grantor owns 20%



At sale 20% to
Grantor

\$1,000,000 Cash to Grantor
Pays taxes at 20% on 20% of
Capital gain - \$196,000

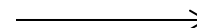
This will allow you to defer \$ 784,000
Fed capital gains taxes, + \$470,400 CA
+ \$148,960 and may give you an income
tax deduction of up to \$1,348,240.
Up to 30% of AGI/year

CRT
will hold 80% of business



CRT
Will hold proceeds from sale of
80% of Business

Death



Charity
For custom
purpose

A minimum of 10% of
original value at the
time of deposit

5% Income for life
\$200,000

Outright sale of \$5,000,000
would have had taxes of
\$980,000. Would have left
\$4,020,000. Taking \$900,000
after taxes as a lump sum
would only allow \$156,000 of
income per year.



Bypass Capital Gain Tax

		No CRT	With CRT
Sale of Asset		\$ 17,000,000.00	\$ 17,000.00
Cost Basis		\$ 100,000.00	\$ 100,000.00
Capital Gain		\$ 16,100,000.00	\$ 16,100,000.00
ND State Tax	2.50%	\$ 402,500.00	\$ -
Fed Tax	20%	\$ 3,220,000.00	\$ -
		\$ 12,477,500.00	\$ 16,100,000.00
Income	5%	\$ 623,875.00	\$ 805,000.00
25 year total		\$ 15,596,875.00	\$ 20,125,000.00



Charitable Lead Trust



Grantors: Phil and Bette Anthropist
Age 65

A gift of appreciated securities
Market Value= \$1,000,000
Cost Basis= \$200,000

Asset taken out of
Estate.

CLT
will hold Appreciated Asset

Needs to be done before offer of sale

20 years

Gift to Heirs
at cost Basis

If non-grantor trust,
trust
Gets annual tax
deduction

CLT
Will hold proceeds from sale of the
appreciated asset

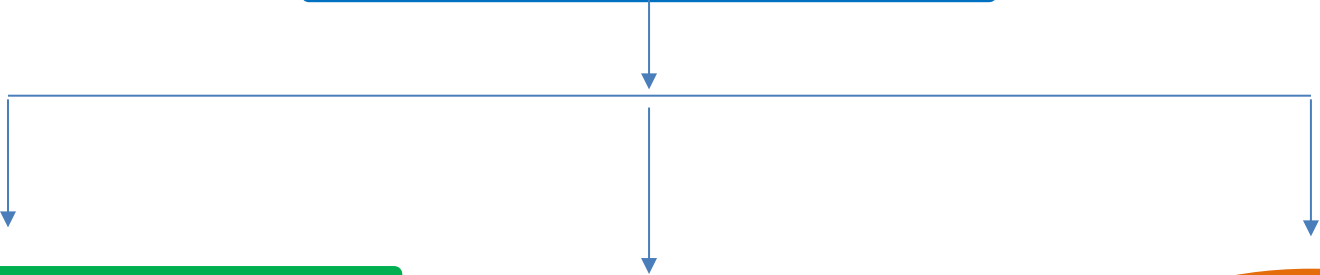
5% Income for life to Charity
\$50,000 for up to 20 years

At time of gift tax deduction for present value of gift
Grantor pays income tax on annual earnings

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CRC 1880796 8/29/2017

\$16,666,666.7
Land with one tenant



Investment portfolio
Cash out
5,555,555.56

Real Estate Investments
Multiple Properties
5,555,555.56

Charitable Remainder Trust
Fund Retirement
5,555,555.56



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Investment
Portfolio
\$5,555,555



1. Diversified Portfolio and available cash
2. After tax funds
3. Focus on Tax Free Income and Growth
4. Deposit \$5,555,555
5. Expected rate of return 5%
6. Annual income to start at approximately \$277.778
7. Capital Gains of approximately \$4,444,444 at 24% = \$1,057,778 + ND@ 2.5% \$138,888.88
8. Charitable Remainder Trust will offset capital gain taxes on this portion through a charitable tax deduction



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1. 1031 Exchange – transfer into other pieces of residential/industrial real estate tax deferred
2. Amount of about \$5,555,556
3. Expected return (all cash after expenses) 3.5 -4% - properties
4. Estimated income at tax advantaged rate \$194,444 annualized at 3.5%
5. Estate Plan can leave real estate as a legacy gift.
6. No capital gain taxes paid until death. \$4,444,444 gain tax bypassed approximately ND @ 2.5% = \$111,111.11 At that time there will be a step up in the cost basis.



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Charitable Remainder Trust

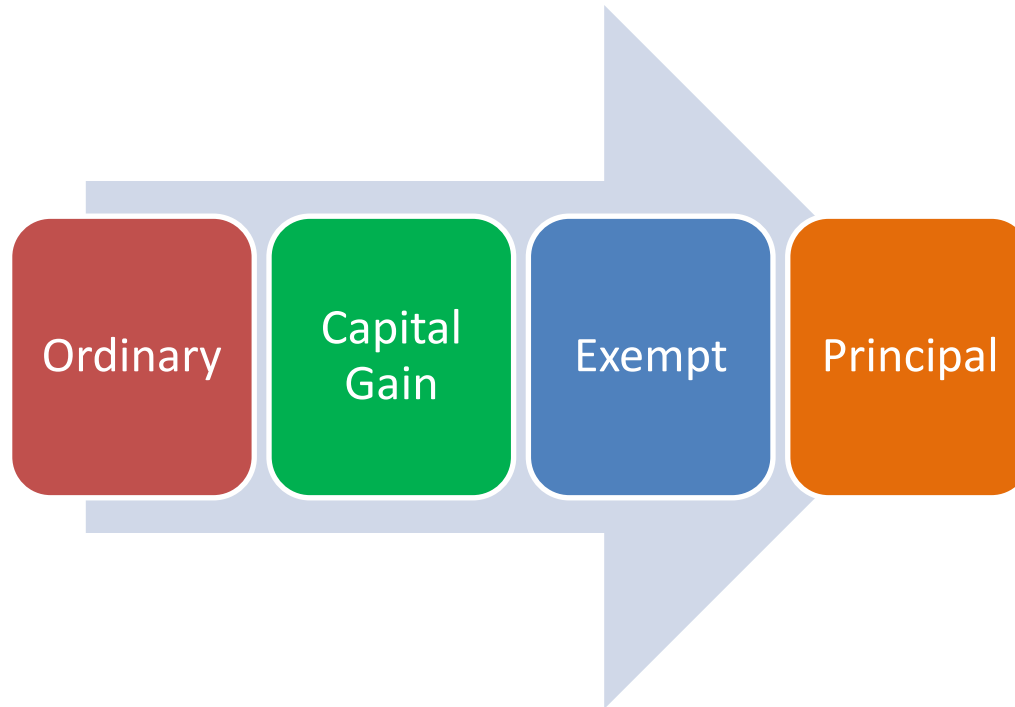
1. Deposit one third of current asset into CRT
2. Accept offer and sell asset
3. By-pass Capital Gains taxes, \$888,889, Fed capital gain tax and \$128,889, 2.9% ND capital gain tax
4. \$5,555,556 invested into a diversified portfolio
5. Will generate roughly \$277,778 (5% return).
6. Make a Charitable Contribution for when you don't need the income in the future
7. Gives you a tax deduction of Charity's remainder interest to be used immediately against the gains on the cash taken out for the investments, 50% - \$2,777,778.



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Taxation of Distributions



Four Tier System of Taxation





Net- income With Make Up CRT

Uncertain income with Deferral Possibilities

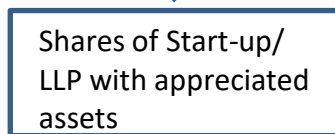
Timing Income for Later Needs

Delay, defer, or change payouts

Aligns with asset protection and tax deferral strategies

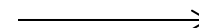
Avoids liquidation of illiquid assets

Useful for varying needs of beneficiaries



This may allow you to bypass
Capital gains taxes in the **future** and may give
You an income tax deduction.

Death



Income stays in trust
until a specific event or
can be changed annually



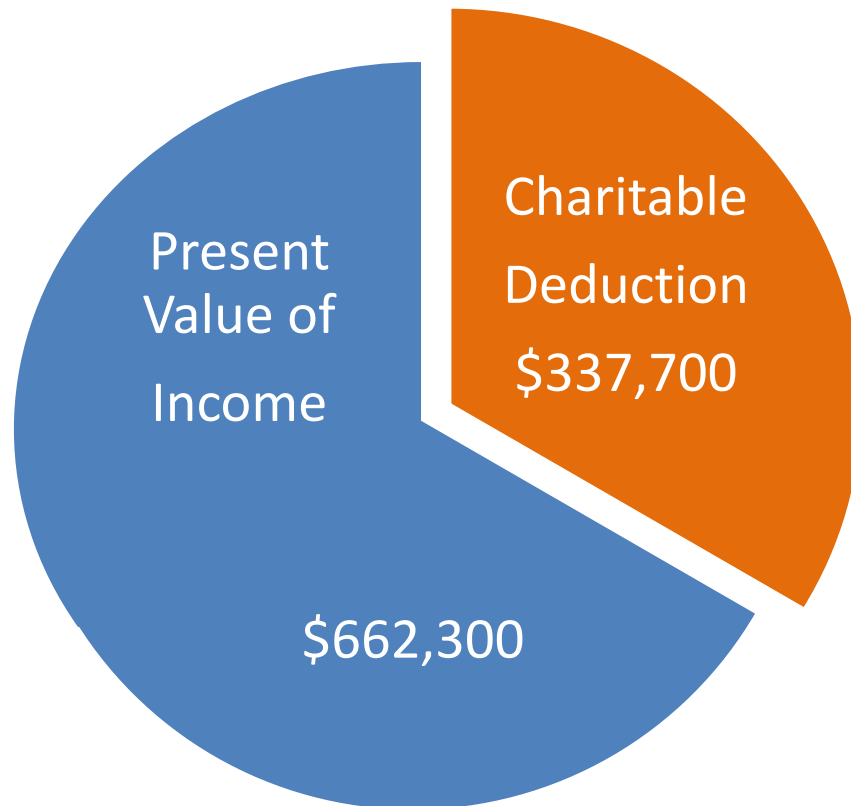
Flexible or delayed income

Allows TTEE to
Income taxes

A minimum of 10% of
original value at the
time of deposit



How the deduction is Calculated



- Fair market value
- Measure Term of Trust
- Payout rate
- Income payment frequency
- Charitable Federal Midterm Rate

10% Rule - to qualify the present value of the charitable gift must be at least 10% of the fair market value.



Charitable Lead Trust

Remove asset from Estate
Make current gifts to charity
Pass asset to heirs
Current tax deduction



Special Family
Income Producing Asset



CLT
will hold Appreciated Asset

Up to 20 years
→

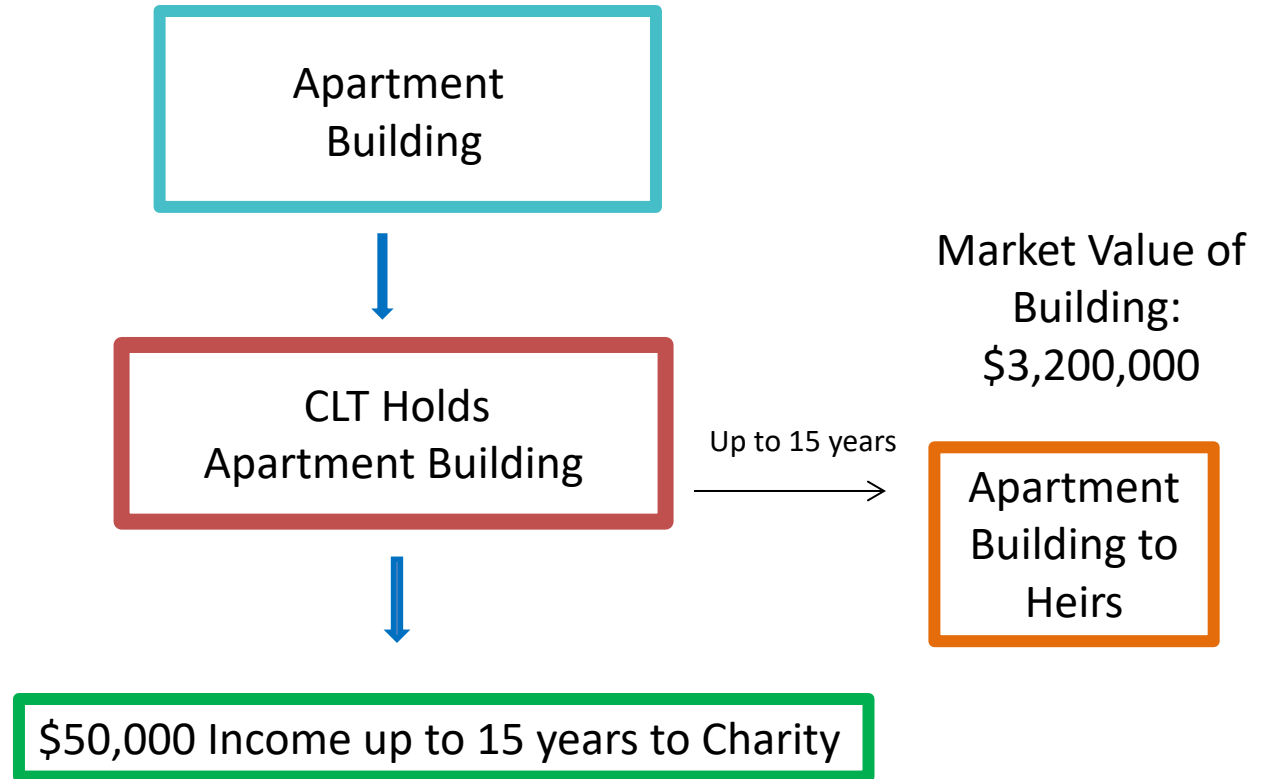
Heirs



5% Income up to 20 years to Charity



Charitable Lead Trust



Removes \$1,000,000 from Estate
Make current gifts to charity
Pass asset to heirs
Current tax deduction \$526,070



Claiming the Charitable Deduction

Type of
property
given

How it is given

Type of
charitable
organization



Qualified Charitable Deduction

A gift of pre-tax dollars from IRA

70 ½

\$108,000
2025,
\$115,000 2026

Will satisfy
your RMD

Up to \$54,000
to CRT or CGA
one time



QCD Example

Age 75

\$125,000 in
expenses

Income

- RMD \$110,000
- Pension and Social Security \$50,000

Leaves an
additional \$35,000
of income you
don't need

A QCD of \$35,000
potentially saves
\$4,260 in taxes



QCD BY THE NUMBERS

Scenario 1

Take full RMD and donate \$35,000 in cash

Pension and Social Security Benefits: \$50,000

RMD: + \$110,000

QCD: \$0

Adjusted gross income: = **\$160,000**

Itemized deduction: – \$35,000

Taxable income: = **\$125,000**

Estimated taxes due: \$22,847

Scenario 2

Donate \$35,000 of RMD directly to charity using a QCD

Pension and Social Security Benefits: \$50,000

RMD: + \$110,000

QCD: – \$35,000

Adjusted gross income: = **\$125,000**

Standard deduction: – \$17,750

Taxable income: = **\$107,250**

Estimated taxes due: \$18,587



Questions



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