



**Making a Charitable Bequest
To
The Michigan Historic Preservation Network
Through Your Will or Trust**

Information and Sample Language

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Gifts provided through Wills and trusts have become the foundation of the American philanthropic tradition. In fact, the vast majority of planned gifts ultimately established for and received by not-for-profit organizations such as the Michigan Historic Preservation Network (MHPN) are the result of charitable bequests. Such gifts enable you to make significant contributions that may not have been possible during your lifetime.

Charitable bequests can take various forms. The following samples of bequests and bequest language are included for your legal counsel's consideration in preparing your Will or trust.

Specific Bequest

A specific bequest is probably the most popular type of charitable bequest. With such a bequest, you designate that the MHPN is to receive a specific dollar amount or a specific piece of property.

I give and devise to the Michigan Historic Preservation Network, Lansing, Michigan, the sum of _____ dollars to be held, administered, and used by the Board of Directors for support of the Michigan Historic Preservation Network in the area of greatest opportunity or need (or designated to the Network program, activity, or service of your choice).

I instruct that all my charitable gifts shall be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.

Residuary Bequest

A residuary bequest is used to give the MHPN all or a percentage of your estate after debts, taxes, expenses, and other bequests have been paid. By making a percentage bequest you assure that inflation will not reduce the value of what you intended for the MHPN because the value of your gift will increase as your estate's value increases.

I give and devise to the Michigan Historic Preservation Network, Lansing, Michigan, all (or state a percentage) of the rest, residue, and remainder of my estate, both real and personal, to be held, administered, and used by the Board of Directors for support of the Michigan Historic Preservation in the area of greatest opportunity or need (or designated to the Network program, activity, or service of your choice).

I instruct that all my charitable gifts shall be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.

Contingent Bequest

In anticipation of an unexpected occurrence, or if there should be certain other specific conditions that apply, a contingent bequest will ensure that your estate passes to the MHPN rather than to unintended beneficiaries.

If (insert name) does not survive me, I give and devise to the Michigan Historic Preservation Network, Lansing, Michigan, all (or state a percentage) of the rest, residue, and remainder of my estate, both real and personal, to be held, administered, and used by the Board of Directors for support of the Michigan Historic Preservation Network in the area of greatest opportunity or need (or designated to the Network program, activity, or service of your choice).

I instruct that all my charitable gifts shall be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.

Restricted Bequest

As many people do, you may prefer to restrict your bequest to the MHPN for a specific purpose. For example, if you wish to memorialize an honored colleague or family member, you can establish a named endowed fund that will provide perpetual support for a program, activity, or service in which you (or the person to be honored or memorialized) were particularly interested. A restricted bequest usually should be made in the broadest possible terms consistent with your interests. This guards against the possibility of your gift's purpose becoming obsolete. Similarly, the amount you bequeath must be sufficient to support the purpose you have in mind.

I give and devise to the Michigan Historic Preservation Network, the sum of _____ dollars, to be held, administered, and used by the Board of Directors for the establishment of an endowed (or expendable) fund for _____. The earnings from the fund are to be disbursed per the terms of a completed endowment (or expendable) gift agreement on record at the Michigan Historic Preservation Network. This fund shall be named the _____.

I instruct that all my charitable gifts shall be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.

A Few Final Words

Designating Your Planned Gift

Planned gifts may be designated for any purpose that fulfills the mission of the MHPN and is acceptable to the Board of Directors. Most highly prized are those gifts designated for the “area of greatest opportunity or need.” Such unrestricted gifts provide maximum flexibility and enable the Network to quickly meet unexpected needs or to capitalize on unexpected opportunities.

The Promise Of Endowed Funds

The MHPN must ensure that it not only has the basic operational funds (i.e. from membership dues, earnings from goods and services provided to others, etc.) to function, but also the security of future support that will allow the MHPN to adapt and grow no matter what the fiscal environment. It will be our endowment that provides a perpetual stream of support for those things that fulfill the MHPN’s mission.

An endowment is the time-honored method of allocating gifts, both current and future, to an organization’s investment portfolio. The endowed fund is invested to earn income each year, and as the principal grows, so does the income. A percentage of that ever-growing interest income is used to support programs, activities, and services. The unused interest income is returned to the endowment to keep up with inflation, and the principal remains invested in order to perpetuate the fund and, consequently, the stream of financial support.

Suppose you would like to make sure that the MHPN receives \$1,000 every year, even after your lifetime. Assume that the MHPN spends 5% of its endowment’s interest earnings each year. This does not mean the Network earns a total return of only 5% - even in the current economic climate, the percentage interest earned can be double that or better - but that it only spends that 5% amount. The rest of the interest earned is reinvested in the endowment to offset inflation.

To calculate the amount you need to donate to perpetuate your gift, divide the annual gift amount, say \$1,000, by the amount called for in the Network’s spending policy, 5%, and you get \$20,000. So contributing \$20,000 to an endowed fund can continue indefinitely your \$1,000 annual gift. The best part is that if the value of the endowed fund grows beyond the spending amount, so does the income. For example, with a total return of 10% in one year and with only 5% spent, the other 5% is reinvested. By the second year, the value of the fund is 5% higher, or \$21,000, and the annual gift from the fund is \$1,050, and so on throughout the years to come.

Closing

The Michigan Historic Preservation Network abounds with excellent programs, activities, and services deserving of your support. The opportunities to remember the MHPN are matched only by the variety of ways in which you can

plan your support. Let us help you make a difference in the future of historic preservation in Michigan.

The Michigan Historic Preservation Network thanks the Office of University Development at Michigan State University for the pro bono guidance it provides the MHPN's development activities through Janet Kreger, MSU's former Director of Major, Planned & Special Gifts. Janet can be contacted at her Ann Arbor office (734) 222-9310, or kregerj1981@att.net. The sample language provided in this document parallels that used by the University; its application to your own estate planning should be guided by your legal and/or tax counsel.