

# PLANNED GIVING 2030: THE TOP PHILANTHROPIC TOOLS FOR BABY BOOMERS (2019 EDITION)

THE STELTER 2019 MARCH WEBINAR SERIES



**Paul Caspersen, CFP®, MS**

Sr. Philanthropic Advisor/AVP  
Office of Estate & Gift Planning

**UF** UNIVERSITY of FLORIDA



## PRESENTER



**Paul Caspersen, CFP®, MS**

Assistant Vice President and  
Sr. Philanthropic Advisor  
University of Florida Foundation

- 22 years of financial, estate and charitable planning experience
- Tasked with an overall combined gift planning goal over \$150 million annually in deferred, real estate and other complex gifts
- Executive Director in the Office of Gift Planning at the Iowa State University Foundation from 2009 to 2013
- Prior to ISU, served as a Wealth Management Advisor with TIAA-CREF and as the firm's Managing Principal for Iowa
- Earned a Bachelor's degree from the University of Northern Iowa and a Master's degree in Financial Planning from the College for Financial Planning in Denver, CO
- Author of the financial planning book entitled, "Direction Memo: How to Write a Letter of Instructions for Your Estate Plan."

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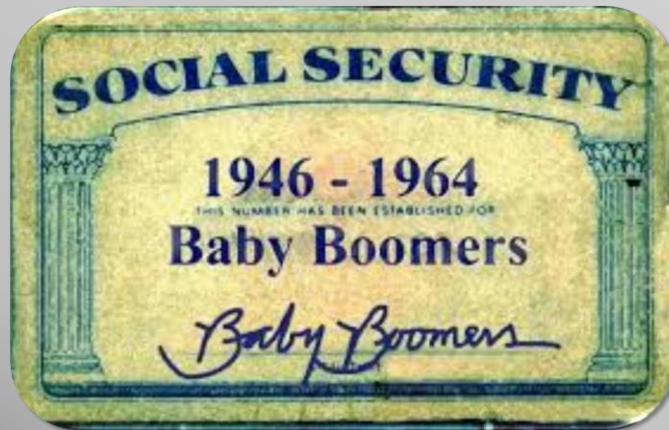
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## DISCUSSION OBJECTIVES

- A deeper dive in the Baby Boom generation (46-64) group, and how to
- Estate planning techniques that will become common in most estate plans (marital trusts, QTIP)
- Family dynamics conducive to QTIPs & charitable planning (real case study)
- Planned giving alternative to QTIPs
- Discovery discussions with Donors

## BABY BOOM GENERATION



## BABY BOOM GENERATION



**BORN 1946 -1964**

## BABY BOOM FACTS

- 1957: Boom peaked (4.3M born)
- 24.3% of U.S. population
- Dec. 31, 2029: Last turn 65, doubling segment to 71.5M by 2030
- \$8.4 trillion inherited by boomers

## 60+ WORKFORCE PARTICIPATION RATE

AGE	1996	2006	2016	2026 (PROJECTED)
75 & OLDER	4.7%	6.4%	8.4%	10.8%
70-74	12.5%	17%	19.2%	22.7%
65-69	21.9%	29%	32.2%	36.6%
60-64	45.8%	52.5%	55.8%	59.6%

Source: Bureau of Labor Statistics

## BABY BOOM TIMELINE

1945-1947	WWII veterans come home	(\$60,000 & \$30,000)
July 27, 1953	Korean War vets come home	
May 17, 1954	Desegregation	
1964-1975	Vietnam War (avg. age = 19)	
1967	"Summer of Love"	
1968	Feminist movement begins (oldest = 22)	
August 15-18, 1969	Woodstock	
September 1974	Employee Retirement Income Security Act (ERISA)	

## BABY BOOM TIMELINE

March 12, 1975	Last Selective Service lottery (oldest = 29)	
January 1976	Draft suspended	(\$120,000, GSTT)
1979	U.S. divorce rate peaks	
July 1980	Selective Service revived (youngest = 16)	
March 9, 1983	Retirement age up to 67	
January 20, 1993	Bill Clinton elected	
January 1, 1996	Oldest boomers turn 50	(Y2K \$675,000)
December 2007 – June 2009	The Great Recession	(\$2,000,000)
January 1, 2011	Oldest boomers turn 65 (2/3 and 60%)	(2012 \$5,000,000) (2018 \$11,200,000)

## BOOMER DIVORCE



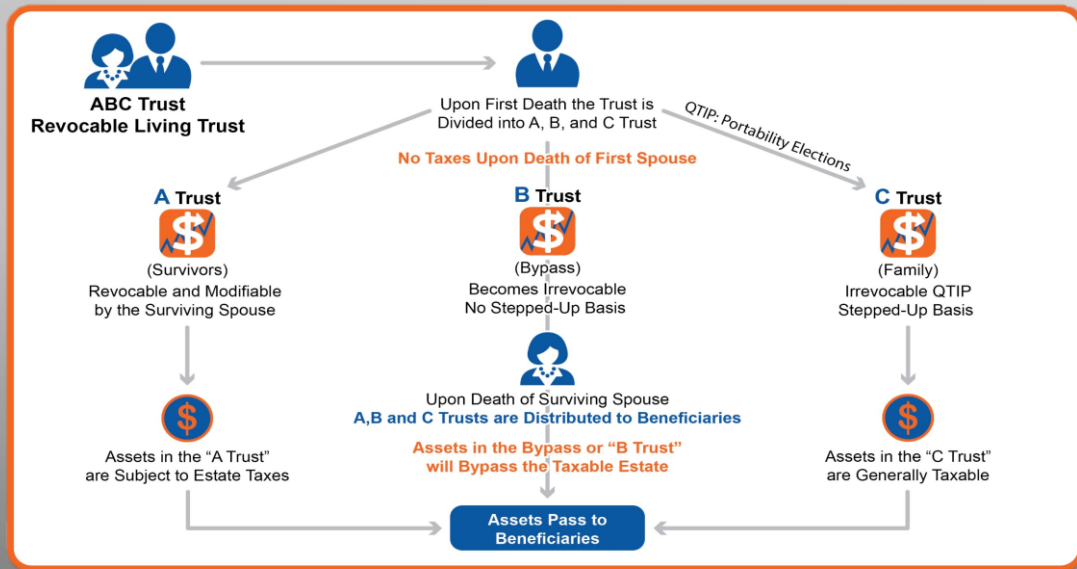
- 2009 58% of unmarried Boomers single through divorce
- In 2010 25% of divorces occurred among individuals 50 and older
- 1979: There are 2,331,000 marriages and 1,181,000 divorces, according to the U.S. Census, as the first of the boomers turn 33
- The 1980 Oscar winner for Best Picture, "Kramer vs. Kramer"

## DONOR DIAGNOSIS (PAPPA)

- **P**eople
- **A**ssets
- **P**assions
- **P**lans
- **A**dvisors



## ABC TRUST



## QTIP

- IRS authorized in 1982
- Used by the first-to-die spouse
- Unlimited marital deduction
- Distributes assets when surviving spouse dies
- Property not subject to transfer tax
- Ownership must pass to survivor
- QTIP trust is exception to rule
- Technically not the full interest

## HIGHER TRANSFER EXEMPTIONS, PORTABILITY & GSTT

- American Taxpayer Relief Act of 2012
- Portability, IRC 2010(c)(5)(a)
- Deceased spouse's unused exclusion amount (DSUEA)
- Portability makes decision to use QTIP's easier
- Portability doesn't apply generation skipping transfer taxes (GSTT) or state estate taxes
- Tax Cuts and Jobs Act of 2017 doubles Federal Estate & Gift Tax credit through 12-31-2025

## FAMILY DYNAMICS

- Blended families
- Married couples with no children
- One spouse with children from previous marriage





## BOOMER CHARITABLE QTIP



## BOOMER CHARITABLE QTIP

Ben  
Johnson  
creates  
QTIP trust  
in will



## BOOMER CHARITABLE QTIP

Ben Johnson creates QTIP trust in will

Executor funds QTIP from assets



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Mary has separate assets plus life estate from QTIP



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Ben Johnson creates QTIP trust in will

Executor funds QTIP from assets

Ben Johnson passes; QTIP election

Trust property moved from Ben's estate into Mary's estate

Mary has separate assets plus life estate from QTIP

QTIP trustee provides income to Mary, while protecting interest of remainder beneficiaries



## BOOMER CHARITABLE QTIP

Ben Johnson creates QTIP trust in will

Executor funds QTIP from assets

Ben Johnson passes; QTIP election

Trust property moved from Ben's estate into Mary's estate

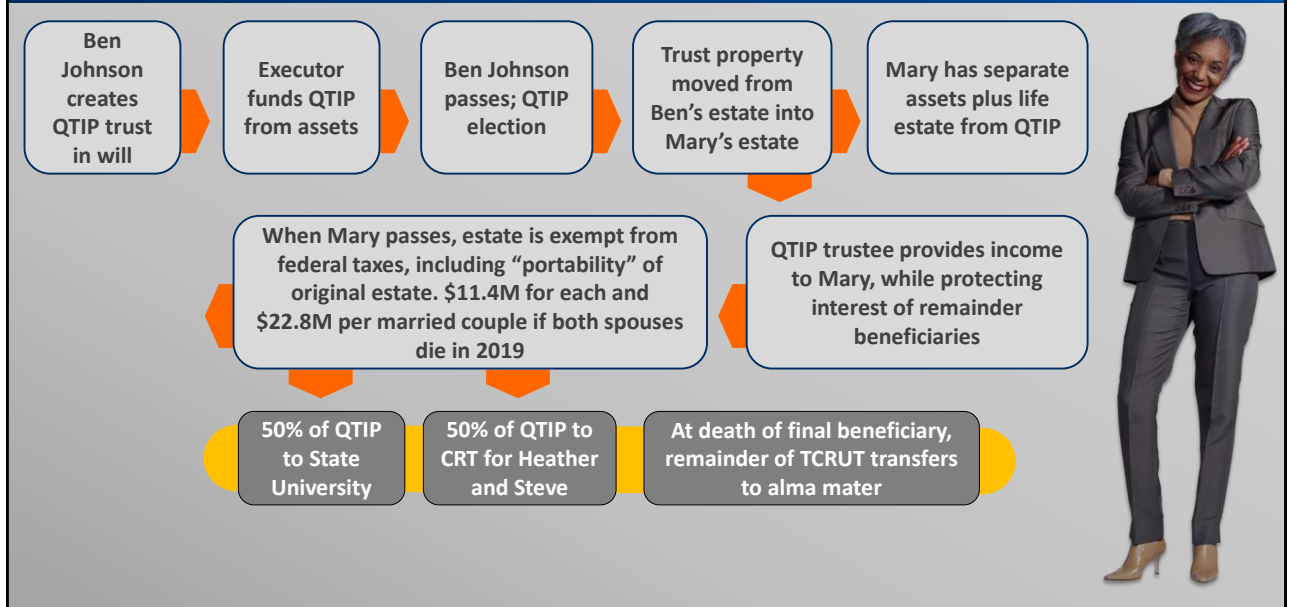
Mary has separate assets plus life estate from QTIP

When Mary passes, estate is exempt from federal taxes, including "portability" of original estate. \$11.4M for each and \$22.8M per married couple if both spouses die in 2019

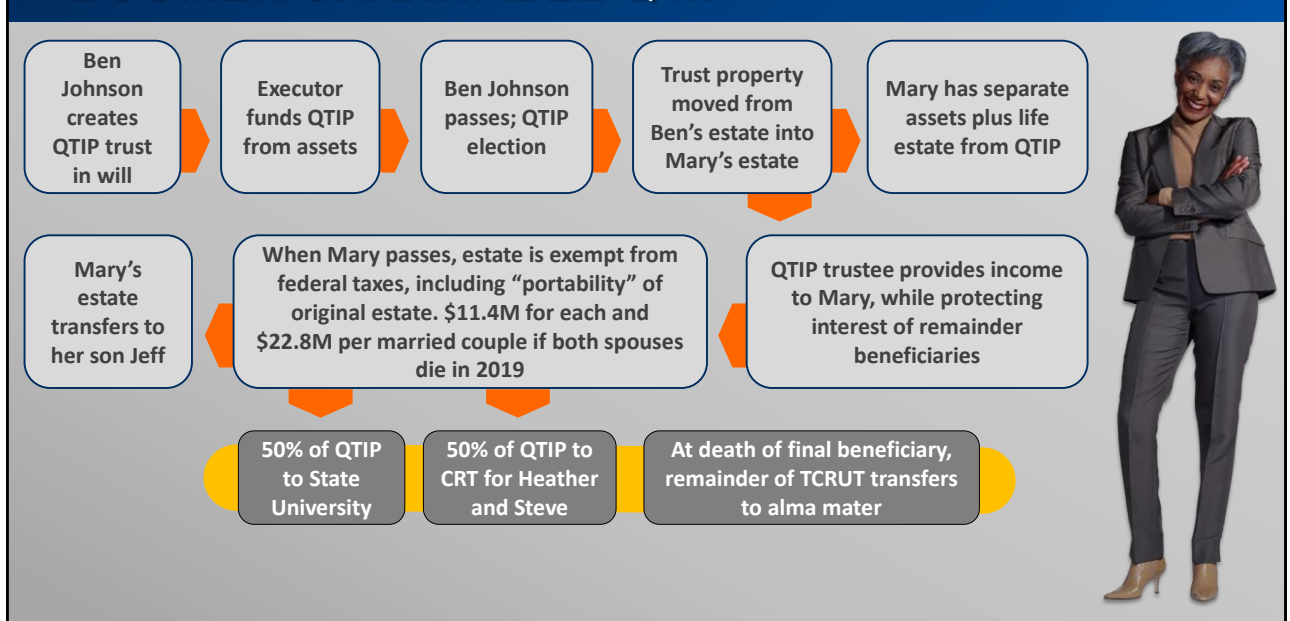
QTIP trustee provides income to Mary, while protecting interest of remainder beneficiaries



## BOOMER CHARITABLE QTIP



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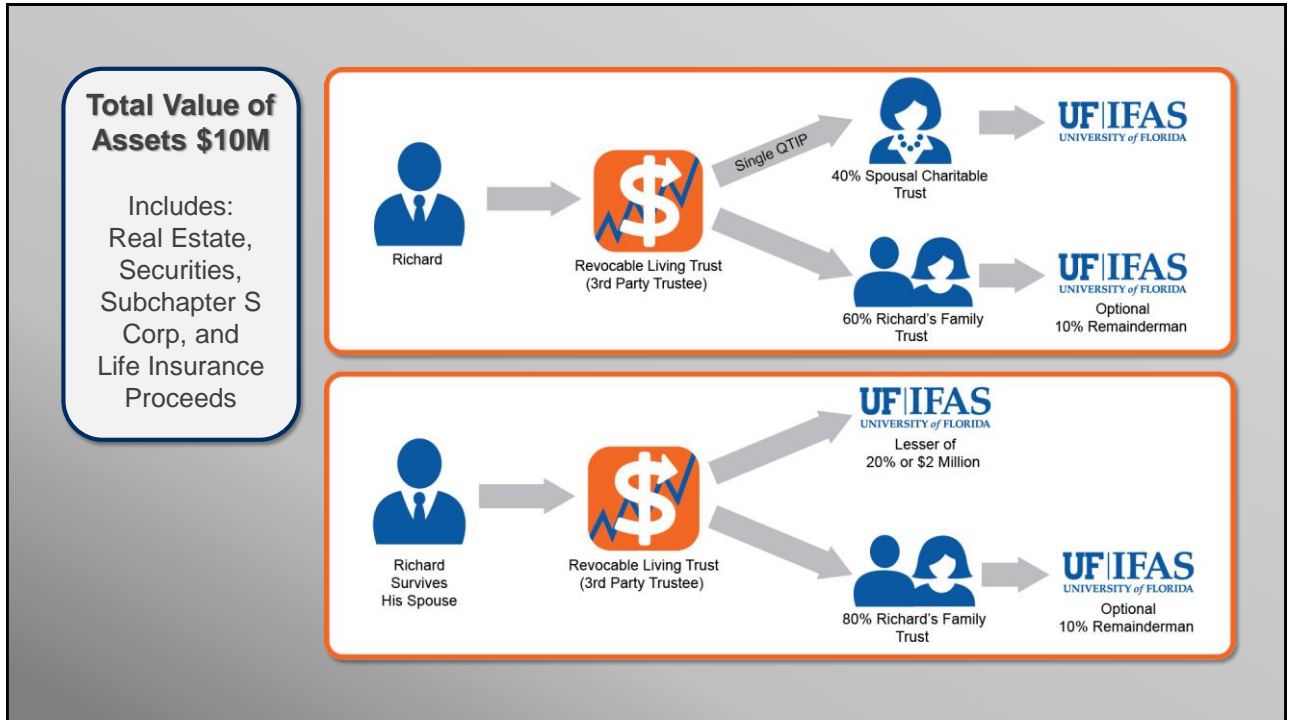
## BOOMER CHARITABLE QTIP

- CRT can also help maximize the value of the estate tax applicable exclusion amount.
- The combination of the marital and charitable deductions eliminates the CRT from the amount subject to estate tax
- Paying IRA benefits to a CRT will eliminate the hazard of legislative changes to inherited IRA stretch rules
- Clark v. Rameker
- “Double Trust” PLR 9718030

## COMPARING THE ATTRIBUTES:

### BEST SOLUTION DEPENDS ON THE GRANTOR'S OBJECTIVES

Qualified Terminable Interest Property Trusts (QTIP)	Qualified Testamentary Charitable Remainder Unitrust (TCRUT)	Nonqualified TCRUT
Provides for a stepped-up basis at the death of the surviving spouse	Effective when trust will be income with income in respect of a decedent assets (IRA's, annuities, etc.)	Effective when trust will be funded with assets that receive a stepped-up basis
Trustee may have discretion to invade principal	Trustee has no discretion to invade principal for income beneficiary(s)	Trustee may have discretion to invade principal
Marital and charitable estate deduction is desirable	Charitable estate deduction is desirable	Neither marital or charitable deductions are necessary



## TESTAMENTARY CGA

- **PLR 8506089 (residuary estate)**

*“Pay my husband George an annuity at the same rate the University of Florida Foundation pays to other annuitants who are the age of George at the time of my death. In the event the University of Florida Foundation does not accept this bequest with all its conditions, I bequeath 20% the University of Florida and 80% to a commercial annuity only to my husband George.”*

- **Bequest of specific amount**

*“I give, devise, and bequeath to the University of Florida Foundation the amount the Foundation requires as a contribution to provide a life annuity of \$30,000 to my husband George based on the charitable gift annuity rate suggested as of the date of my death by the American Council on Gift Annuities for a person then nearest his nearest age and I direct the annuity be paid in monthly installments at the beginning of each month.”*

- **PLR 200230018 (funded with IRA)**

## DISCOVERY WITH DONORS AND CLIENTS

- Introduce QTIP as a “crystal ball” for uncertainty of the future and used to help reach goals and avoid disputes among beneficiaries
- Tool providing limited control along with asset management for a surviving spouse not capable or interested in money management
- Do it for the kids
- Suggest that QTIPs are becoming common in a first marriage when the first to pass spouse wants to provide for surviving spouse and protect beneficiaries if that surviving spouse remarries
- *Assume positive intent at all times!*

## QUESTIONS



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## ADDITIONAL QUESTIONS

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## WEBINAR RESOURCES

In a few days you will receive an email letting you know that the recording and presentation slides are available to access.

[www.stelter.com/webinars](http://www.stelter.com/webinars)

**THANKS!**