CHARITABLE LEGACY

Leveraging charitable giving in your estate plan

An unprecedented wealth transfer over the next 25 years offers individuals a chance to explore how they might create a meaningful legacy. By incorporating philanthropy into your estate plan, you can support causes that matter to you or create ways for your family to support causes they care about, ensuring your wealth is used for good.

Best practices for ongoing planning

As you create your charitable legacy, a thoughtful, ongoing approach is key to maximizing impact.

38%
of high-net-worth donors plan to leave money to charities[2]

1. **Review plans regularly:** Life events often present opportunities to update plans and align them with evolving values and goals. Ensure beneficiary designations on brokerage accounts, retirements accounts, and donor-advised fund accounts; will provisions; and trust structures are current.
2. **Engage family:** Foster conversations with loved ones to align your legacy plans with your family's shared values. Involve them in decisions through tools like donor-advised funds (DAFs).
3. **Consult experts:** Work closely with tax advisors, attorneys, and financial planners to navigate the complexities of estate and tax planning and create well-rounded plans that align with your financial and philanthropic goals. Leverage Fidelity Charitable® resources, such as the Family Forward guide.
4. **Communicate intentions:** Clearly document your charitable goals and communicate them to your charitable beneficiaries, family, and advisors to ensure your wishes are honored.
5. **Be flexible:** Consider vehicles like DAFs or charitable remainder trusts (CRTs) that allow adaptability to evolving charitable needs.

By incorporating these best practices, you can create a legacy that reflects your values, supports causes you care about, and inspires future generations to continue the tradition of giving.

Benchmarking: Legacy planning practices

Through 2045, $30 to $68 trillion in wealth is expected to be transferred in the United States, with an estimated $11.9 trillion projected to be donated to charities. Charitable bequests already accounted for $42.68 billion in 2023 alone and have comprised 8%-10% of total giving over the past four decades.[1]

In 2024, Fidelity Charitable® conducted a survey to explore how donors ages 50-80 plan charitable giving and end-of-life arrangements to ensure their legacy. **This study found that nearly 4 in 10 (38%) of high-net-worth donors, with $1 million or more in assets, said they plan to donate money to charities after they die, with an average bequest of $161,000.**[3]

The study suggests that donors are focused on strategic giving to achieve both personal and societal goals while preserving wealth for future generations. However, many people do not have sufficient long-term financial plans in place. While 78% of all donors surveyed and 89% of high-net-worth donors report having beneficiary designations, only 34% of all donors have an estate plan in place, compared to 55% of high-net-worth donors. Among those with an estate plan, 60% of all donors and 90% of high-net-worth donors developed it with the help of a financial or legal advisor.

Preparations and documents in place	All donors	High-net-worth donors
Beneficiary designations	78%	89%
A will	65%	79%
Health care power of attorney	51%	69%
Durable power of attorney	49%	66%
An estate plan	34%	55%
A trust	32%	52%
Long-term care insurance	30%	39%
Letter of intent	23%	28%
Guardianship designations	21%	26%

% have in place

Among high-net worth donors who have an estate plan (55%),

9 in 10 (90%)

developed it with the help of a financial or legal advisor and 58% completed it at the same time as their financial plan.

As you reflect on your own legacy, think about how you will integrate philanthropy into an estate plan and consider leveraging expert guidance and tools that allow for flexibility, family involvement and long-term impact in your decision making. There are a variety of strategies and vehicles for incorporating charitable impact into an estate plan. When meeting with your advisor, consider implementing one or more of the following estate planning strategies and vehicles.

Estate planning strategies and vehicles

1 Bequests: *Personal property or cash gifted through a will or trust*

Bequests allow you to designate a specific dollar amount, a percentage of your estate, or particular assets to charities in your will or trust.

Definition	Bequests are gifts, such as personal property or cash, that are gifted to individuals or charities through a will or trust.
Purpose & Benefits	• Designate a specific dollar amount, a percentage of your estate, or particular assets to charities. • Memorialize your wishes to provide for family, friends, and charitable organizations. • Reduce potential estate taxes.
Best Practices	• Use clear, precise language to avoid ambiguity (e.g., "I bequeath __% of my residuary estate to [charity name]"). • Regularly review and update your estate documents to ensure alignment with life changes and current priorities. • Discuss your plans with family members to ensure shared understanding and avoid disputes. • Work directly with nonprofit partners to best document gift intentions and ensure the organization is capable and willing to carry out your charitable intent.

Estate planning strategies and vehicles

2 **Beneficiary Designations:** *Name specific recipients for assets, bypassing probate*

Name charities or community foundations as beneficiaries of retirement accounts, life insurance policies, or annuities. *Tip: Naming a donor-advised fund (DAF) sponsor, such as Fidelity Charitable®, as the ultimate beneficiary allows you or your named successors to easily support multiple organizations.*

Definition	Beneficiary designations allow individuals to name specific beneficiaries for assets held in accounts like life insurance policies, retirement accounts, or bank accounts. These assets may not be subject to probate administration, making it simpler to leave a legacy by naming a charity or loved ones as beneficiaries.
Purpose & Benefits	• Name charities as beneficiaries for retirement accounts, life insurance policies, or other transfer-on-death accounts. • Potentially reduce or eliminate income and estate taxes on qualified assets.
Best Practices	• Provide complete and accurate beneficiary details, including charity names and tax ID numbers, to avoid delays. • Consider partial beneficiary designations to balance charitable goals with family needs. • Review designations annually to ensure they reflect current intentions.

3 **Donor-Advised Funds (DAFs):** *Manage charitable giving now and in the future*

A DAF allows you to make an irrevocable charitable gift during your lifetime, or through your estate via a bequest or by naming a DAF sponsor, such as Fidelity Charitable, as a beneficiary, with the flexibility to recommend grants to charities over time.

Definition	Donor-advised funds are charitable accounts sponsored by a public charity that donors use to support their charitable giving. Donors make tax-deductible contributions of many types of assets, advise how those assets are invested for growth, and recommend grants to charities over time. When estate planning, donors should consider the legacy options available from their donor-advised fund sponsor. For example, donors may name charitable organizations as beneficiaries or allow loved ones to make their own charitable recommendations.
Purpose & Benefits	• Make irrevocable gifts with the potential to grow during life or through your estate. • Name individual successors (who will recommend future grants) or charities as beneficiaries. • Process more complex gifts or consolidate multiple streams. • Qualify for immediate tax deductions for contributions. • Adapt grants to changing charitable needs. • Involve family members in philanthropic decisions.
Best Practices	• Establish clear succession plans for DAFs. • Name successors or charitable beneficiaries to carry out your wishes. • Fund a DAF with long-term appreciated assets to maximize tax savings during life. • Establish an endowment strategy to support recurring grants over time.

4 **Charitable Trusts:** *Balance income needs and philanthropic goals*

CRTs and charitable lead trusts (CLTs) provide income to beneficiaries while supporting charities.

Definition	• Charitable remainder trusts are irrevocable trusts that generate an income stream for you or another beneficiary for a specific term of years (generally up to 20 years) or your (or a named beneficiary's) lifetime, with the remaining assets going to charitable beneficiaries. • Charitable lead trusts are irrevocable trusts that provide a charitable gift for a period of time prior to being distributed to a named beneficiary (e.g., spouse/children).
Purpose & Benefits	• Charitable remainder trusts provide lifetime income, with the remaining assets going to charity. • Charitable lead trusts support charities first while preserving assets for beneficiaries.
Best Practices	• Work closely with an attorney or a financial advisor to structure the trust according to your goals. • Include flexibility for changing charitable goals by naming a DAF sponsor, such as Fidelity Charitable, as the ultimate beneficiary.

Estate planning strategies and vehicles

5 **Endowments and Endowed DAFs:** *Ensure sustainable long-term support*

Endowments and endowed DAFs establish long-term support through annual distributions to support charities.

Definition	Endowments and endowed DAFs are funds set aside to provide ongoing financial support to a nonprofit or charitable cause. An endowed DAF, such as Fidelity Charitable's Endowed Giving Program, allows you to set up recurring grant recommendations for up to 10 charities for a minimum of five years, ensuring sustained impact over time. Both options can provide stability and predictability for organizations receiving support.
Purpose & Benefits	• Establish recurring grants to specific charities for sustained impact beyond your or a beneficiary's lifetime. • Ensure predictable, long-term support for favorite causes beyond your or a beneficiary's lifetime. • Aligns your philanthropy with your values.
Best Practices	• Choose a manageable number of charities to focus your impact. • Consider multi-generational involvement to maintain alignment with family values. • Consider donor-advised fund programs with endowed gifts, such as Fidelity Charitable's Endowed Giving Program.

Appendix

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Estate planning

Among those who have an estate plan	All donors	High-net-worth donors
Developed it with the help of a financial or legal advisor	60%	90%
Completed it at the same time as their financial plan	62%	58%

[1] *Giving USA 2024 report.*

[2] *Based on a 2024 study commissioned by Fidelity Charitable.*

[3] *"Charitable living and the new retirement", Fidelity Charitable, 2024.*

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