

What Is a Gift Illustration?

When attempting to set up a gift annuity or charitable remainder trust, it's important to use gift illustrations to explain the gift.

1. A gift illustration is a document that details the terms and figures relating to a planned gift.

Using software from companies like Crescendo and PG Calc, once you have provided the right information on the donor and his/her gift, a series of calculations help illustrate the gift. This includes tax savings and payouts, provided in flow charts and tables.

2. A gift illustration is not official legal advice.

Unless you are an attorney, you cannot provide legal advice. The gift illustration is just that—an illustration of how a gift is likely to look. Tax advisors and legal counsel are strongly advised for all prospects to make sure they are getting the best advice.

3. A gift illustration is meant for the prospect and the prospect's advisor(s).

The prospect receives the gift illustration, or a version of it. The planned gift solicitor reviews the illustration with the prospect and answers questions. The illustration should also be shared with the prospect's advisor(s). This may include an attorney, financial planner, accountant, or family member.

4. A gift illustration is a record of negotiations with a prospect.

It's typical for gift illustrations to undergo revision as negotiations continue. The illustration provides a snapshot of those negotiations and a permanent record of the terms of a gift.

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