WESTERN CAROLINA
WCMS
MEDICAL SOCIETY
The Physicians' Voice for a Healthy Community
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Glossary of Terms

Bequest
A testamentary gift of personal property, which can be governed by your will or designated in your IRA. It can also be created in a Charitable Gift Annuity (CGA) or Charitable Remainder Trust (CRT).

Capital Assets
Property held by a taxpayer (e.g. house, car, stocks, bonds) is considered capital assets for federal income-tax purposes. However, property that the taxpayer creates, such as business inventory, is considered ordinary-income property, not capital-gain property.

Capital Gain
The gain (or profit) realized on the sale or exchange of a capital asset.

Charitable Gift Annuity (CGA)
A contract between an organization and a donor. In exchange for an irrevocable gift of cash or securities, the Foundation agrees to pay the donor, or someone of the donor's choosing, a fixed amount for life. After the donor's lifetime, the remaining principal in the Charitable Gift Annuity becomes a bequest and can establish an endowment fund.

Charitable Remainder Trust (CRT)
A trust that pays to one or more individuals, at least one of which is not a charity, for a specified length of time then leaves the remainder of the trust to a designated charity.

Donor Advised Fund
Established by agreement between the Foundation and the donor, in consideration of an irrevocable contribution of money or property to the Foundation. The assets in a Donor Advised Fund are owned by the Foundation. The donor and designated advisors may recommend distributions from the fund to public charities, but the Foundation has the final authority to approve or reject the grant recommendations.

Endowment Fund
A fund held in perpetuity to distribute annually to a charitable cause; can be restricted or unrestricted.

IRA (Individual Retirement Account)—Traditional
An investment account in which a person can set aside income up to a specified amount each year and usually deduct the contributions from taxable income, with the contributions and interest being tax-deferred until retirement. An IRA is a type of Pension Plan.

If you are 70½ or older, you can establish or increase a bequest by making a gift to your favorite charity of up to $100,000 per year directly from your IRA, with no tax consequences. Ask you financial advisor about the Pension Protection Act.

Life Insurance
Insurance that guarantees a specific sum of money to a designated beneficiary upon the death of the insured or to the insured if he or she lives beyond a certain age.

Pension Plan
An arrangement for paying death, disability, or retirement benefits to employees. Payments into the plan are ordinarily a tax-deductible expense for the firm, but any contribution by employees may or may not be deductible on personal tax returns. Likewise, retirement benefits paid to employees will be wholly or partially taxable. (Also see IRA).