

Tzedakah and Charitable Planning

By Eric S. Kane, Esq.



Rosh Hashanah is a time for introspection, to look back at the mistakes of the past, to ask forgiveness from those we have wronged, and to make resolutions for a better life. To be inscribed for a good new year, we practice teshuvah (repentance), tefilah (prayer), and tzedakah (charitable deeds).

“Tzedakah is equal to all other commandments combined.” Proverbs 21:21. Tzedakah has been an important time tested practice in Jewish culture for centuries. In modern times, tzedakah is commonly associated with charitable giving. A popular and easy method to practice tzedakah is to incorporate charitable planning into your basic estate plan.

Regardless of socioeconomic status it is essential for every individual to have a basic estate plan. Your basic estate plan allows for timely distribution of your assets to your loved ones in the event of your death and also protects you in the event that you become incapacitated. A basic estate plan is comprised of the following documents: Revocable Living Trust with Pour Over Will or a Last Will and Testament, a Health Care Designation, Living Will and Durable Power of Attorney.

For those considering incorporating charitable planning into their basic estate plan, there are several noteworthy options available. The most common form of charitable planning is to create lifetime gifts for your chosen charitable organization or to name the charitable organization as a beneficiary in your Last Will and Testament or Revocable Living Trust Agreement.

For the charitably inclined there are three additional options to consider. The first option involves the use of charitable trusts. Charitable trusts can benefit you, your heirs and your charitable organization. Two popular types of charitable trusts are commonly referred to as Charitable Remainder Trusts and Charitable Lead Trusts. If set up properly, these trusts can reduce your estate taxes, reduce or eliminate any capital gains taxes, and for lifetime trusts allow you to claim income tax deductions while still benefiting our synagogue or other charitable organizations.

A second option is to use Charitable Gift Annuities. Charitable Gift Annuities allow you to transfer cash or property to a charitable organization by issuing the gift annuity in exchange for both an income tax deduction and a promise from the charity to make fixed annual payments to you or another individual for a set number of years or for your or the other individual's lifetime. Annuity payments can start immediately or can be deferred to some future date.

A third option is to make a testamentary gift to the charitable organization directly from your IRA. Selecting a charity as the recipient of a retirement account is a great tool from a tax standpoint as no income tax will be due on the income the charity receives and the gifts are deductible for estate tax purposes. It is important to note that Roth IRAs which do not have any built in income tax liability, are an exception to this rule.

Charitable planning is a useful tool for modern Jews to give tzedakah, one of the most important mitzvot of all. As we repent and pray during the ten days of Awe and ending with Yom Kippur, we are given a special opportunity to begin anew with a clean slate. As we reflect on any sins of the past we also plan to be better, more caring and generous people in the future. The New Year is a perfect time to consider how your basic estate plan can help you give tzedakah for a lifetime and beyond. "May you be inscribed and sealed for a good year."

Eric S. Kane, Esq. is a licensed Florida attorney whose office is located in Aventura. Mr. Kane practices in the areas of estate planning, probate, trust administration, and guardianship Law. Mr. Kane received his J.D. and L.L.M. from the University of Miami School of Law. Mr. Kane can be reached at 305-937-7280 or at info@kanelawpl.com.

The information contained in this article is intended to be illustrative only, and is not intended for use by any specific individual. This article should not be relied on for legal advice and you are advised to consult an attorney for advice on your particular situation.