

Gifts for the Future  
A Guide to Planned Giving at  
the National Gallery of Art

**National  
Gallery  
of Art**

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**It is an honor and privilege** to serve as the fifth director of the National Gallery of Art and lead this extraordinary institution. The Gallery's founder, Andrew Mellon, believed that great works of art should benefit the public, and his patriotic vision of a national art gallery has been faithfully sustained by the commitment of the United States Congress and countless generous patrons since the museum's opening in 1941. While the federal government provides funding to support daily operations and maintenance, several important areas of the Gallery's mission rely on private funds, including the enhancement of the permanent collection, conservation, international exhibitions and exchange, and educational outreach. Estate gifts are a vital part of our efforts to make these programs possible in perpetuity.

Planned gifts benefit the Gallery in the long term while providing donors an opportunity to create a lasting legacy for future generations. They may also allow for certain tax benefits. The following brochure details several types of gifts. We warmly invite your involvement and support in fulfilling our aim to cultivate engaged and inspired citizens here at the nation's art museum.

Kaywin Feldman  
Director



## Preserve and Strengthen the Nation's Art Museum with a Planned Gift

Making a planned gift to the National Gallery of Art will show your support and enhance the Gallery for future generations. Your gift may also help you and your family to achieve your financial and estate planning goals, such as:

- showing your support for the Gallery while retaining control of your assets during your lifetime
- receiving an income tax charitable deduction for the full, fair-market value of your gift of appreciated securities and avoiding capital gains tax on the sale of such assets
- providing an income source for life in return for your gift
- reducing tax consequences of unused retirement savings
- receiving an income tax deduction or, if the gift is made as a bequest, an estate tax deduction
- reducing your taxable estate, because assets contributed to the Gallery during your lifetime or at death will not be included in your estate for estate tax purposes

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Please contact the Development Office at (202) 842-6372 or e-mail [plannedgiving@nga.gov](mailto:plannedgiving@nga.gov) for questions about any of these gift options. Given the complexity of the rules relating to tax planning and charitable deductions, we recommend that you consult an attorney or financial adviser as you consider making a planned gift. The Gallery is unable to give you any legal advice, including tax advice, but we would be pleased to work with you and your advisers to discuss a planned gift that meets your charitable goals.





## Bequest in Your Will or Revocable Trust Indenture

A bequest is often the simplest way to make a meaningful gift to, and a significant impact on, the Gallery. A bequest is a testamentary gift made under your will or revocable trust indenture. In addition to cash, you can give marketable securities and art to the Gallery. There are several ways to structure a bequest so that your gift benefits both you and the Gallery:

- To make an outright bequest, you may specify a monetary amount, share of your estate, or particular work of art that you wish to give to the Gallery. A bequest of money or a share of your estate may be designated for a general purpose or for a particular purpose.
- To make a residuary bequest, you may provide for a percentage or all of the remainder of your estate to go to the Gallery after all specific bequests, debts, taxes, estate expenses, and other obligations have been paid.

- To make a contingent bequest, you may specify conditions under which a portion of your estate will come to the Gallery. For example, if the original beneficiary (or beneficiaries, as the case may be) is unable to accept the bequest, the Gallery may be designated as a secondary beneficiary.

### How to Make a Bequest

Bequests for general use permit the Gallery to use your gift where it is most needed at the time.

We suggest the following language for making a bequest for general use at the Gallery:

*"I bequeath to the Trustees of the National Gallery of Art in Washington, DC \_\_\_\_\_ (state a dollar amount, percentage of estate or trust, or a share of the residue) for its general purposes."*

We suggest the following language to designate a specific purpose for the bequest:

*"I bequeath to the Trustees of the National Gallery of Art in Washington, DC \_\_\_\_\_ (state a dollar amount, percentage of estate or trust, or a share of the residue), which is to be used for the following purpose: \_\_\_\_\_ (state specific purpose, such as art acquisition, the special exhibition program, scholarly research, or education)."*

We suggest that you discuss your intentions with the Gallery if you are considering giving a work of art or designating a specific purpose for a bequest in your will. Please note that all gifts of works of art must be reviewed by the Board of Trustees and are subject to acceptance by a vote.

If you do specify a use for your bequest, the following language will ensure that your gift will always remain productive:

*"If at any time in the judgment of the Trustees of the National Gallery of Art the designated use of this bequest is no longer practicable or appropriate, then such*

*Trustees in their discretion shall use the bequest to further the general purposes of the National Gallery of Art, giving consideration, where possible, to my special interests as described above."*

### **Potential Tax Benefits**

Assets left to the Gallery are removed from your taxable estate, potentially reducing any estate taxes that may be owed. This is true for all assets, or the portion of assets, contributed to the Gallery using any of the planned gift vehicles described in this brochure.

### **Other Benefits**

Making a bequest to the Gallery in your will or revocable trust indenture is simple. A bequest allows you to retain control of your assets during your lifetime, should you need them in the future.





## Donor Advised Funds

A donor advised fund (DAF) is a popular type of planned giving vehicle. A DAF is set up by donating assets, such as cash or appreciated securities, to a DAF sponsor that is a public charity. The DAF sponsor holds the assets in a separate account over which you have advisory privileges. This arrangement allows you to make a charitable gift in a particular year to be paid out to the Gallery over subsequent years, which may be useful for your income tax planning. Your DAF also may grow over time, depending on your investment preferences.

If you have already established a DAF, you can recommend donations to the Gallery or name the Gallery as a charitable beneficiary by completing a beneficiary designation form from your DAF sponsor. You can also consider designating a successor advisor for your DAF who can make recommendations for future donations to the Gallery.

### Potential Tax Benefits

If you donate appreciated securities to a DAF, you can expect to receive an income tax charitable deduction for the full, fair-market value of the property and avoid paying capital gains tax on the appreciation. You can expect to receive an immediate income tax charitable deduction in the year that you make the contribution, but you can choose to recommend gifts to the Gallery over a longer period of time.

## Life Income Plans

The Gallery offers several ways for you to make a substantial gift while providing for your own financial needs. You can make an irrevocable gift to the Gallery and in return receive an income stream for life (or for a set term of years). Any remaining principal will go directly to the Gallery for general use or for the purpose that you specify.

Benefits of life income plans include supporting the Gallery during your lifetime; receiving income for life, paid to you and/or another beneficiary that you have designated; and receiving an immediate income tax deduction for a portion of the value of your gift.

### CHARITABLE GIFT ANNUITIES

A charitable gift annuity (CGA) is a simple contract or agreement between you and the Gallery. In exchange for your irrevocable gift, you will receive an annuity, or regular fixed payments each year for life, from the Gallery. At the end of the annuity term, the remainder of your gift will be available for the Gallery to use for its general purposes or for the use that you specify.

#### Specific Requirements of a CGA

Gifts can be made with cash or marketable securities. The minimum gift is \$10,000.

Donors who establish a CGA must be at least sixty years old. Annuity rates are determined based on the age of the annuitant: the older the annuitant, the higher the gift annuity rate. Gift annuity rates are determined by the American Council on Gift Annuities.

Income payments can be paid to one or two annuitants.





### Potential Tax Benefits

You can expect an immediate income tax charitable deduction to be available for the portion of the gift's principal minus the value of the income payments made to the annuitant. You may also avoid capital gains tax by transferring appreciated securities.

You can expect that a portion of your annuity payment will not be subject to income tax.

### DEFERRED GIFT ANNUITIES

A deferred gift annuity is similar to a charitable gift annuity except payments to the annuitant(s) do not begin until a specified future date chosen by the donor, which must be more than one year after the date of the gift. Because the payments are deferred, you may receive a higher annuity rate and a higher income tax charitable deduction in the year you make the gift than under a CGA. A deferred gift annuity can be an attractive source of retirement income.

### CHARITABLE REMAINDER TRUSTS

A charitable remainder trust offers you the opportunity to make a gift to the Gallery while also retaining an income stream for you and/or a beneficiary you designate. To establish a charitable remainder trust, you make an irrevocable contribution of cash, securities, or other property, which is held in trust. The charitable remainder trust provides a fixed or variable income stream to you and/or another beneficiary for life or a set term of years (not to exceed twenty years). At the end of the term, the trust's remaining assets pass directly to the Gallery to use for its general purposes or for the use that you specify.

As an individually managed trust, a charitable remainder trust can be used to suit your personal objectives, whether you want to select the trust's beneficiaries and trustees; build a retirement account; generate higher income from assets you

currently own; or provide for family members or other beneficiaries. A charitable remainder trust can also be tailored to meet your financial goals with respect to the payout rate, the type of income stream (variable or fixed), and the payment schedule.

### Types of Charitable Remainder Trusts

A *charitable remainder unitrust* pays income as a variable dollar amount annually, based on a specified percentage of the market value of the trust's assets, as determined each year (at least 5% and not more than 50% of the initial principal). The unitrust may be augmented by additional contributions.

A *charitable remainder annuity trust* pays income as a fixed dollar amount annually, based on the initial valuation of the trust principal (at least 5% and not more than 50% of the initial principal). Unlike the charitable remainder unitrust, the charitable remainder annuity trust does not permit additional contributions.

### Potential Tax Benefits

You can expect an immediate income tax charitable deduction to be available for an amount equal to the present value of what the Gallery will receive when the trust terminates.

By contributing appreciated securities to a charitable remainder trust, you may also receive two tax benefits — a charitable deduction and deferral of capital gains tax.





## Charitable Lead Trusts

A charitable lead trust is the reverse of a charitable remainder trust: the gift to the Gallery is the income stream from the trust, and you or your beneficiaries receive the remainder.

A charitable lead trust is created by transferring property — such as cash, securities, privately held stock, real estate, or limited partnership interests — to a trust. A charitable lead trust can be funded during your lifetime or under a will. During the term of the trust, which is often a specified number of years, the trust will pay the Gallery either a fixed dollar amount or a fixed percentage of the trust principal, revalued annually. At the end of the trust term, the trust terminates and the remaining assets are distributed to you or your designated beneficiaries — typically children or grandchildren — either outright or in further trust.

The benefit of this type of arrangement is that the value of the trust property provides income to the Gallery first before reverting to you or passing to those you designate, potentially enabling you to pass assets on to your heirs with significantly reduced gift or estate taxes.

### Potential Tax Benefits

You can expect an immediate income tax charitable deduction to be available for the present value of the total income stream that the Gallery will receive during the trust term.

If the trust term is long enough and the annual payment to the Gallery is large enough, the tax on the gift to beneficiaries can potentially be eliminated. You should consult your attorney or tax adviser about the applicability of generation-skipping transfer tax if grandchildren are named as beneficiaries.

## Retirement and Pension Plans

Designating the Gallery as the beneficiary of your retirement plan assets is an easy and flexible way to support the Gallery while reducing your federal tax burden. If retirement plans are left to family members or friends, these assets may be subject to income tax, estate tax, and generation-skipping transfer tax. Because of this potential combination of taxes, retirement plan assets may be particularly attractive and tax-efficient assets to leave to the Gallery. There are several ways to support the Gallery using your retirement plan assets.

- You can transfer funds directly from your IRA account to the Gallery under certain circumstances.

- An individual who has reached age 70½ can make an IRA Charitable Rollover, which allows up to \$100,000 to be transferred annually from your IRA to the Gallery without having to count the distributions as taxable income. An IRA Charitable Rollover can count toward satisfying the annual required minimum distribution (starting at age 72), or can be made even if you have already taken your minimum distribution.

- You can specify that your retirement funds go directly to the Gallery as a beneficiary after your death.

- You can transfer retirement assets to a deferred giving arrangement, like a trust, that will pay an income stream for life to family members or beneficiaries of your choosing, after which the remaining assets will pass to the Gallery.

## Private Foundations

To designate the Gallery as a beneficiary of all or a specified percentage of your retirement plan assets, notify your plan's administrator of your intention and complete a change of beneficiary form. Please note that for some retirement and pension plans governed by the federal Employee Retirement Income Security Act (ERISA), you may need to obtain your spouse's consent to list the Gallery as a beneficiary.

### Potential Tax Benefits

If you designate the Gallery as a beneficiary of all or a specified percentage of a retirement plan, you can expect that the portion of the plan payable to the Gallery will not be subject to estate tax, and, because the Gallery is a tax-exempt organization, the Gallery will not be required to pay income tax on the distributions.

A private foundation is a charitable organization that typically receives its funding from a single individual, family, or corporation. A private foundation is managed by its own trustees or directors, who determine the foundation's activities, where funds are invested, and how funds are expended. A private foundation typically makes grants to public charities, although it may also conduct its own charitable activities.

If you already have established a private foundation, the foundation may be able to make grants to the Gallery, as it is a public charity.

## Other Assets

Gifts of other assets, including life insurance and works of art, can also offer benefits to both you and to the Gallery.

### Life Insurance Policies

A gift of a new or existing life insurance policy is a wonderful way to make a sizable contribution to the Gallery that allows you to retain control of your other current assets, provides immediate tax savings, and helps ensure the future of the Gallery. You may designate the Gallery as the owner and beneficiary of an existing or new life insurance policy. Simply contact your insurance agent and ask for the appropriate forms to designate the Gallery as owner and beneficiary.

If you transfer ownership of an existing life insurance policy to the Gallery, you may be able to claim an income tax charitable deduction for the lesser of either your basis in the policy or its fair market value in the year of the

gift. For a new life insurance policy that designates the Gallery as the owner and beneficiary, you may be able to claim the annual premiums as charitable contributions.

### Works of Art

Works of art may be donated to the Gallery during your lifetime or by bequest. If you are considering donating a work of art to the Gallery, we advise you to contact us because the Gallery has specific policies and procedures for accepting gifts of art into the collection, whether by outright or promised gifts. Please also note that the Board of Trustees must accept all works of art prior to their inclusion in the collection.

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Other types of assets may also help to support the Gallery. Again, if you are considering donating other types of property or assets to the Gallery, we suggest that you discuss these intentions with the Gallery before doing so.



## The Legacy Circle

The Legacy Circle recognizes and honors those who make a planned gift to the Gallery. Anyone who makes a bequest, sets up a charitable gift annuity, creates a trust arrangement, or includes any other provision in his or her estate plan is invited to join The Legacy Circle. By joining the group of individuals who make up The Legacy Circle, you will receive invitations to exclusive Gallery events, special presentations, and programs, and you will be recognized in Gallery publications.

If you have made any type of estate planning provision to benefit the Gallery, we would be delighted to recognize you as a member of The Legacy Circle.

Given the complexity of the rules relating to tax deductions for charitable giving, we recommend that you consult an attorney or financial adviser as you consider making a planned gift. The Gallery is unable to give you any legal advice, including tax advice. If you or your adviser(s) would like additional information on making a gift to the Gallery, please contact the Development Office at (202) 842-6372 or e-mail [plannedgiving@nga.gov](mailto:plannedgiving@nga.gov).

### LIFETIME GIVING: MAKE A CHARITABLE GIFT OF CASH OR SECURITIES

You can also make a meaningful gift by contributing cash or securities to the Gallery during your lifetime. By making a lifetime gift of such assets, you can expect to receive an income tax charitable deduction for the full, fair-market value of your gift. Additionally, if you contribute appreciated securities, you can expect to avoid paying capital gains tax on the appreciation.

### IMAGES

Cover: André Derain, *Mountains at Collioure*, 1905, oil on canvas, National Gallery of Art, Washington, John Hay Whitney Collection, 1982.76.4

Inside Cover: East Building at dusk

Page 2: Henri Rousseau, *The Equatorial Jungle* (detail), 1909, oil on canvas, National Gallery of Art, Washington, Chester Dale Collection, 1963.10.213

Page 5: Fra Angelico and Fra Filippo Lippi, *The Adoration of the Magi* (detail), c. 1440/1460, tempera on poplar panel, National Gallery of Art, Washington, Samuel H. Kress Collection, 1952.2.2

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Page 10: Leonardo da Vinci, *Ginevra de' Benci* (detail), c. 1474/1478, oil on panel, National Gallery of Art, Washington, Ailsa Mellon Bruce Fund, 1967.6.1.a

Page 13: French 12th Century, *Chalice of the Abbot Suger of Saint-Denis*, 1137 – 1140, 2nd/1st century BC sardonyx cup with heavily gilded silver mounting, adorned with filigrees set with stones, pearls, glass insets, and opaque white glass pearls, National Gallery of Art, Washington, Widener Collection, 1942.9.277

Page 14: Gustave Caillebotte, *Dahlia's Garden at Petit Gennevilliers* (detail), 1893, oil on canvas, National Gallery of Art, Washington, Gift of the Scharffenberger Family, 2016.48.1

Page 17: Jean-Antoine Houdon, *John Paul Jones*, model 1780, cast 1921, bronze, National Gallery of Art, Washington, Corcoran Collection (Bequest of James Parmelee), 2015.19.3681

Page 18: Maurice de Vlaminck, *Woman with a Hat* (detail), 1905, oil on canvas, National Gallery of Art, Washington, Donated by Lolo Sarnoff in memory of her parents, Mr. and Mrs. Robert von Hirsch, 1981.84.1

Page 23: Berthe Morisot, *The Artist's Sister at a Window* (detail), 1869, oil on canvas, National Gallery of Art, Washington, Ailsa Mellon Bruce Collection, 1970.17.47