



Planned Giving in Islam

Hafiz Yaser Ali and Professor Patrick Rooney

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Meet the Zaytuna Team



Noman Munif

Head of Institutional
Advancement



Nadeen Mustafa

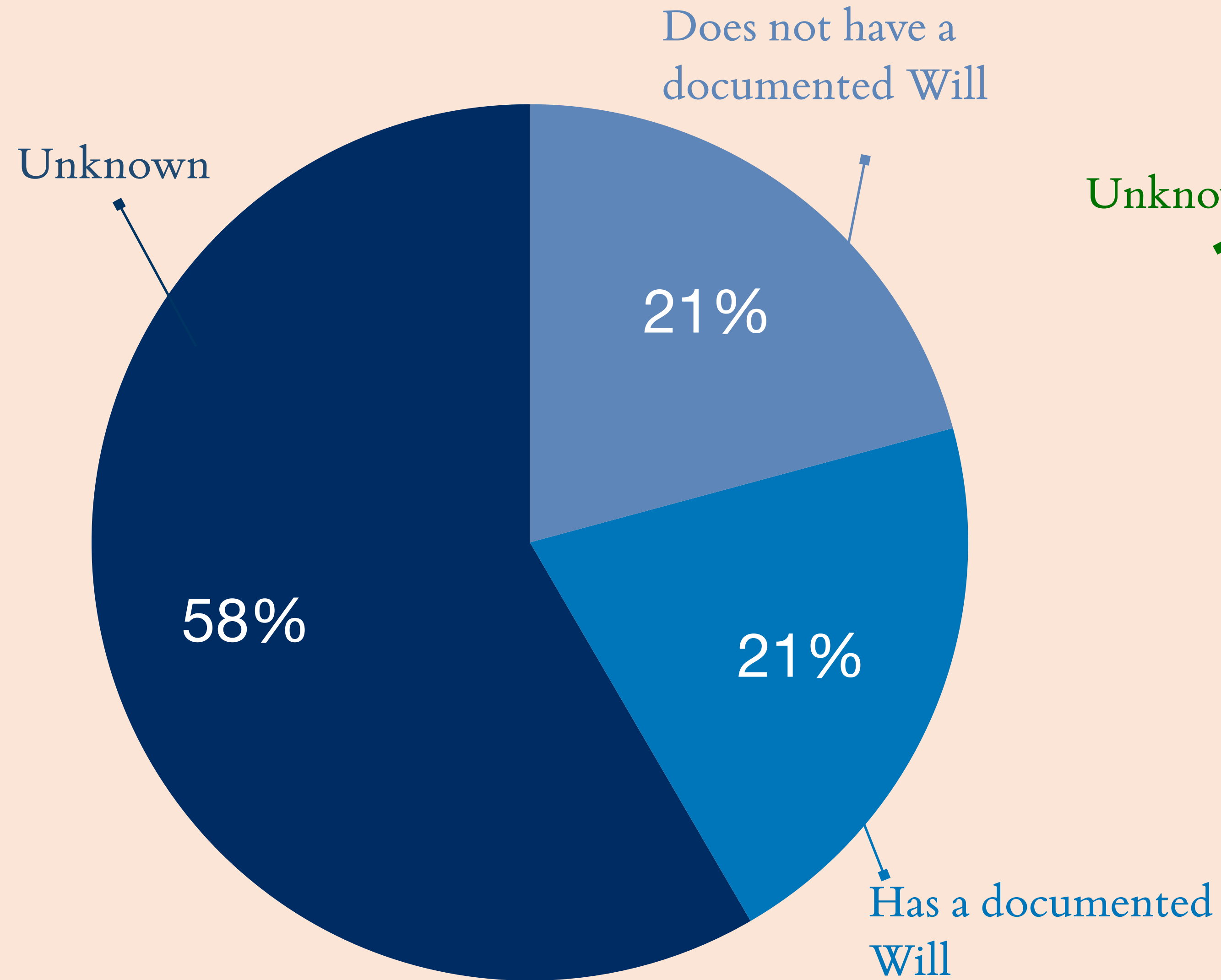
Senior Director of
Development
(Moderator)



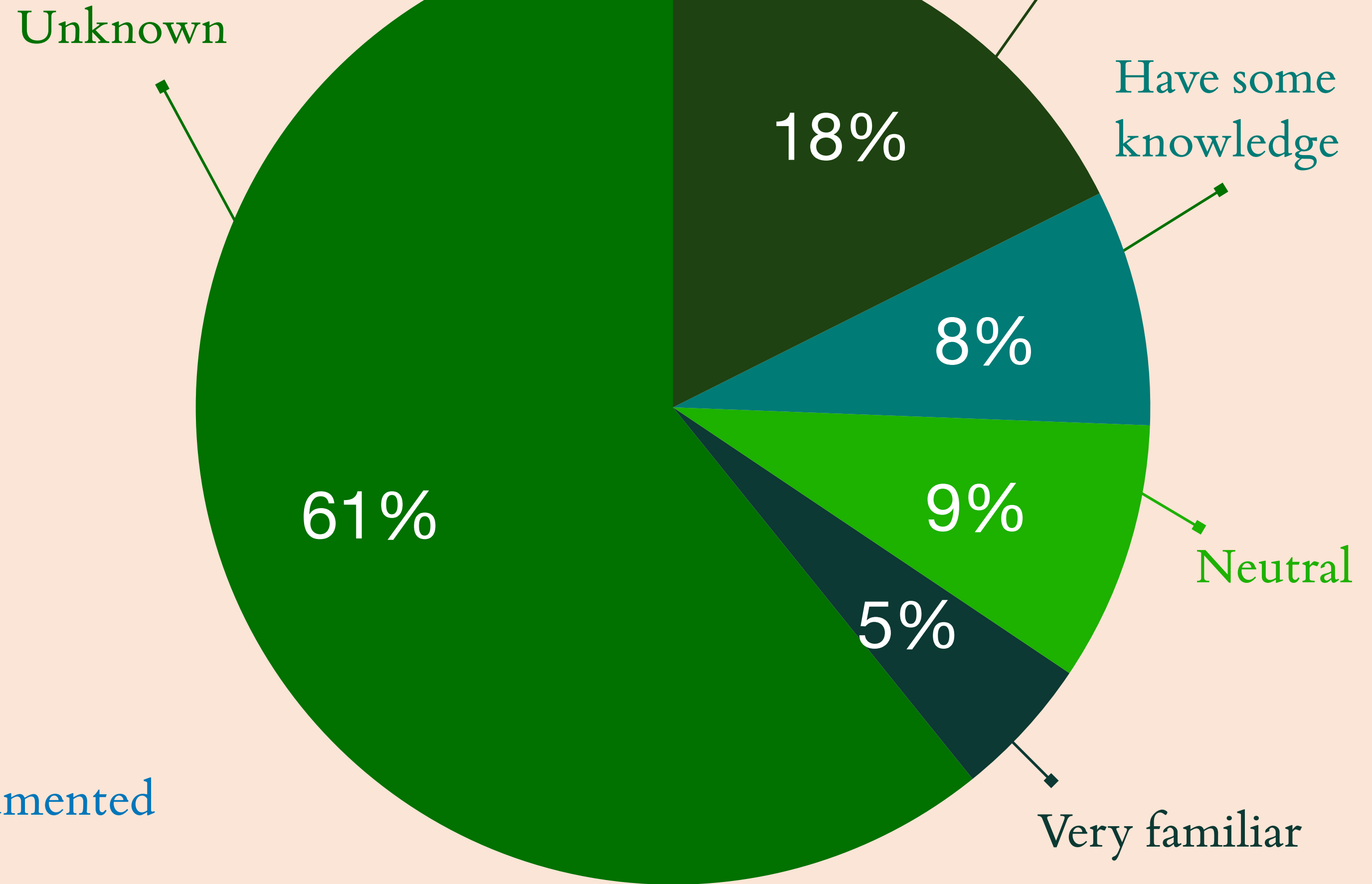
Hadeal Attal

Regional Director of
Development
Planned Giving Liaison

Data



Documentation of Will



Familiarity with Planned Giving

Agenda

- Introductions
- What is Planned Giving
- Giving Trends
- What makes an Estate Plan Islamic
- Islamic Inheritance Law in the Quran
- Importance of Estate Planning in the U.S
- Benefits of Last Will and Testament
- Benefits of a living Trust



Introduction



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What is Planned Giving and trends
by Patrick Rooney

What is a Planned Giving

- Planned Gift = Legacy Gift = Ultimate gift = Deferred Gift,
 - and Not an annual fund gift
 - Often enables a donor to give more to a charity than they could afford to cash flow comfortably during life.
- Normally, a permanent commitment, but usually revokable
- Planned gifts often occur at the death of a donor (or 2nd death in a couple).
 - Charitable bequests: transfers of an asset in a will.
 - Revocable trust: or living trust: donor can cancel or change terms up until death.

What is a Planned Giving

- Irrevocable trust: donors cannot modify terms of these trusts.
 - Because donors do not control these assets, the income is no longer taxable.
- Charitable remainder trust (CRT): a trust that provides income for a donor (their lifetime), and in some cases for a spouse or others (for their lifetime[s])—before generating a gift to charity.
 - Donors may receive an immediate income tax deduction.
 - Income from the investments is also tax exempt.
 - Assets donated to a charity are not counted for the donor's estate tax.
 - CRTs are irrevocable.

What is a Planned Giving

- Charitable Gift Annuity (CGA): donor makes a gift now to a charity to invest, and receives a tax break (partial) and fixed, regular payments of life.
 - Typically, greater returns than low or zero-risk investments.
 - Value may diminish over time from inflation.
- Blended gift: combines current and planned gifts.
- Legacy society: recognition group for planned donors.

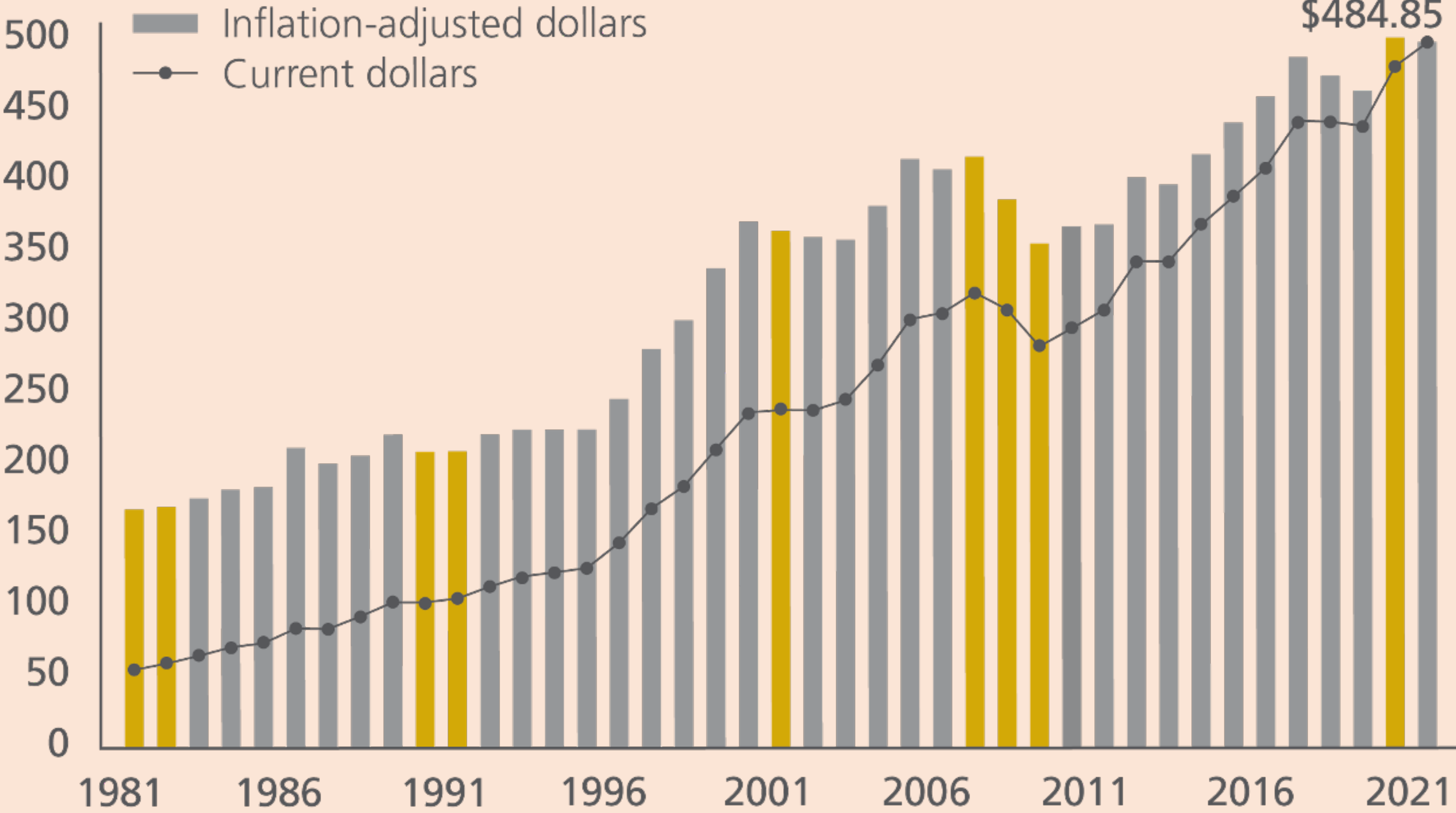
Source: Eden Stiffman, Chronicle on Philanthropy, (2/27/2015)

Bequests: Historical and Modern Examples

- In will one can specify:
 - Specific \$ amount for a specific charity(s)
 - Specific % of the assets in the estate
 - Residual amount (or %):
 - E.g., \$X per child; \$Y per grandchild;
 - Residual amount donated to a charity(s)
- Now: In 2022, the fifth of top 10 largest gifts was a bequest.
 - \$440 mil from Ruth DeYoung Kohler II
 - About 1% all total bequests that year. Top 5 bequests always huge factor.
- Then: Before his death, Carnegie had given away \$350 million, but had \$30 million left, which he donated at death.

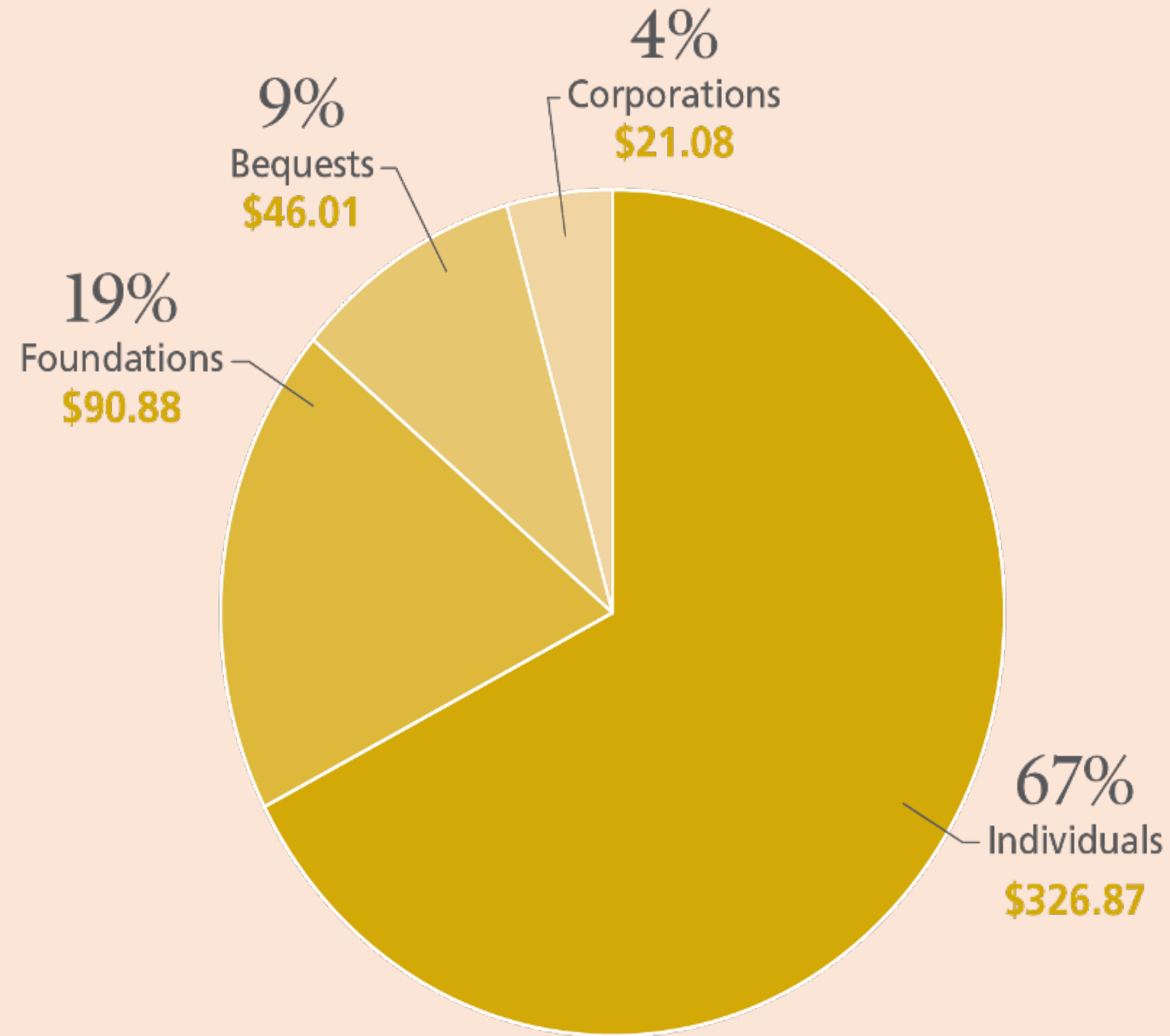
Total giving, 1981-2021

(in billions of dollars)



2021 contributions: \$484.85 billion by source of contributions

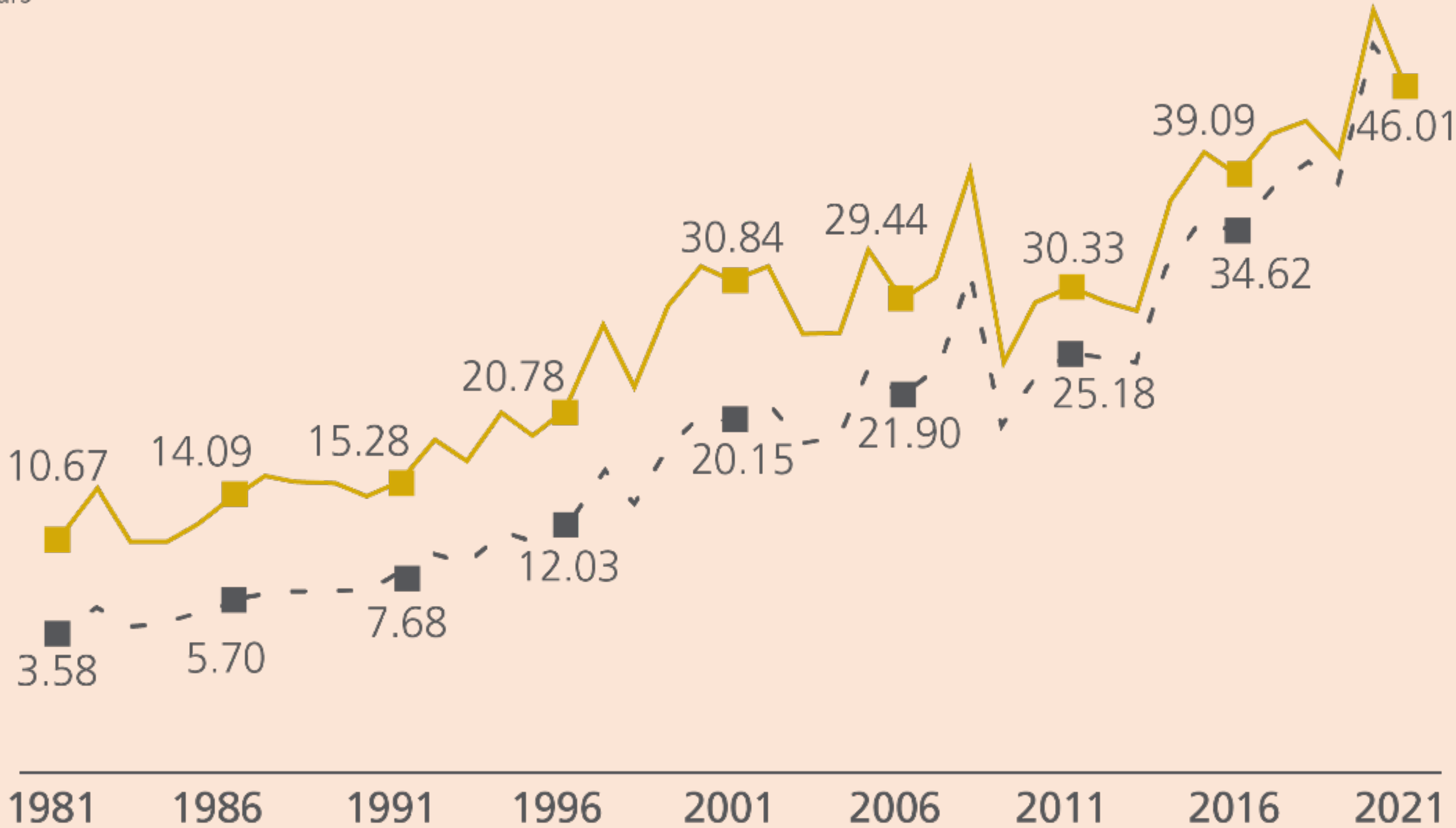
(in billions for dollars – all figures are rounded)



Giving by bequest, 1981-2021

(in billions of dollars)

- Inflation-adjusted dollars
- - Current dollars



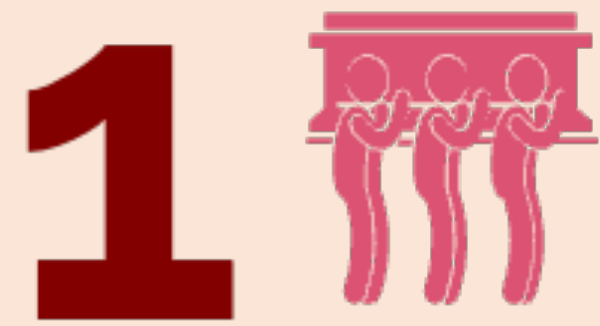
Estate Planning in Islam
by Hafiz Yaser Ali

What makes an Estate Plan Islamic?

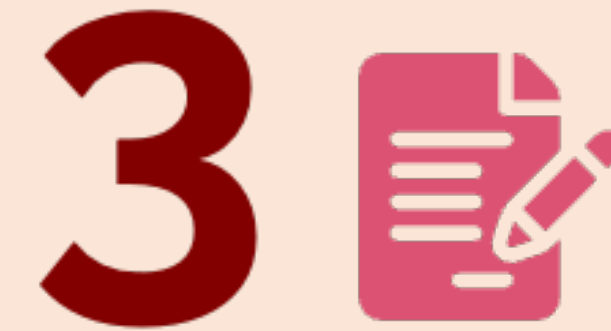
- Wealth belongs to Allah SWT. We are just trustees.
- “Prescribed for you when death approaches [any] one of you if he leaves wealth [is that he should make] a bequest for the parents and near relatives according to what is acceptable – a duty upon the righteous” *Surat Al Baqarah, Quran 2:180.*
- “It is not permissible for any Muslim who has something to Will to stay for two nights without having his Will and Testament written and kept ready with him.”
Bukhari.
- “Learn inheritance and teach it for it is half the knowledge and it will be forgotten, and it is the first thing to be taken from my Ummah” *Ibn Majah.*

Introduction to Islamic Inheritance Law?

Order of Distribution:



Funeral and burial expenses



Wasiyah - Discretionary bequests up to 1/3



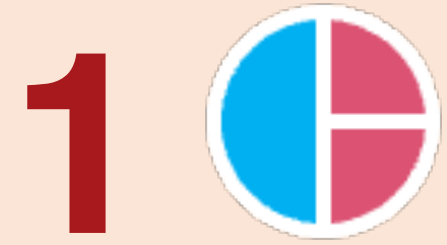
Payment of Debts and Obligations



Faraid – Mandatory Distributions to Islamic Heirs

Islamic Inheritance Law in Quran (Surah Al-Nisaa', Verse 11)

﴿يُوصِيكُمُ اللَّهُ فِي أَوْلَادِكُمْ لِلذَّكَرِ مِثْلُ حَظِّ الْأُنثِيَيْنِ فَإِنْ كُنَّ نِسَاءً فَوْقَ اثْنَتَيْنِ فَلَهُنَّ ثُلُثَا مَا تَرَكَ وَإِنْ كَانَتْ وَاحِدَةً فَلَهَا النِّصْفُ وَلِأَبَوَيْهِ لِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ مِمَّا تَرَكَ إِنْ كَانَ لَهُ وَلَدٌ فَإِنْ لَمْ يَكُنْ لَهُ وَلَدٌ وَوَرِثَهُ أَبُوهُ فَلِأُمِّهِ الثُّلُثُ فَإِنْ كَانَ لَهُ إِخْوَةٌ فَلِأُمِّهِ السُّدُسُ مِنْ بَعْدِ وَصِيَّةٍ يُوصِي بِهَا أَوْ دَيْنٍ ؕ أَبَاؤُكُمْ وَأَبْنَاؤُكُمْ لَا تَدْرُونَ أَيُّهُمْ أَقْرَبُ لَكُمْ نَفَعًا فَرِيضَةٌ مِنَ اللَّهِ إِنَّ اللَّهَ كَانَ عَلِيمًا حَكِيمًا ﴿١١﴾﴾



A son receives **twice** as much as a daughter



If there are only female children, they split **2/3** equally.



If there is only one daughter, she receives **1/2**.



If there are children, parents receive **1/6** each.



If no children or siblings, the mother receives **1/3**.



If no children, but siblings, the mother receives **1/6**.

Islamic Inheritance Law in Quran (Surah Al-Nisaa', Verse 12)

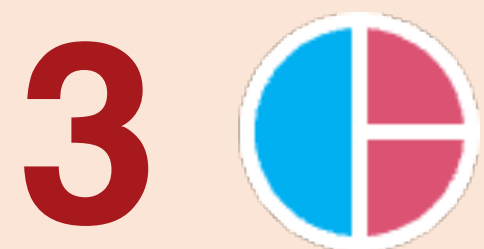
﴿وَلَكُمْ نِصْفُ مَا تَرَكَ أَزْوَاجُكُمْ إِنْ لَمْ يَكُنْ لَهُنَّ وَلَدٌ فَإِنْ كَانَ لَهُنَّ وَلَدٌ فَلَكُمْ الرُّبْعُ مِمَّا تَرَكَنَّ مِنْ بَعْدِ وَصِيَّةٍ يُوصِينَ بِهَا أَوْ دَيْنٍ وَلَهُنَّ الرُّبْعُ مِمَّا تَرَكَتُمْ إِنْ لَمْ يَكُنْ لَكُمْ وَلَدٌ فَإِنْ كَانَ لَكُمْ وَلَدٌ فَلَهُنَّ الثُّمُنُ مِمَّا تَرَكَتُمْ مِنْ بَعْدِ وَصِيَّةٍ تُوصُونَ بِهَا أَوْ دَيْنٍ وَإِنْ كَانَ رَجُلٌ يُورَثُ كَلِلاً أَوْ امْرَأَةٌ وَلَهُوَ آخٍ أَوْ أُخْتُ فَلِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ فَإِنْ كَانُوا أَكْثَرَ مِنْ ذَلِكَ فَهُمْ شُرَكَاءُ فِي الثُّلُثِ مِنْ بَعْدِ وَصِيَّةٍ يُوصَىٰ بِهَا أَوْ دَيْنٍ غَيْرِ مُضَارٍّ وَصِيَّةً مِنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَلِيمٌ ﴿١٢﴾﴾



If a married woman dies without children her widower receives **1/2** of her estate; if she had children, he receives **1/4**.



If a married man dies without children his widow receives **1/4** of his estate; if he had children, she receives **1/8**.



In general, if males and females are of the same rank, males receive **twice** as much as females.



Maternal siblings are one exception to the above rule. If there is only one maternal sibling, he or she receives **1/6**. If there are two or more, they share **1/3**.

Importance of Estate Planning in the US

Minimum Documents Every Muslim Should Have

1



Last Will and Testament

3



Advance Healthcare Directive

2



Durable Power of Attorney

4



Living Trust (In most cases)



Benefits of Last Will and Testament

PROS

● Name Guardians for Minor Kids

● Name Personal Representative for Estate

● Dictate who gets Separate Probate Assets

CONS

● Must go through Probate Process

● Does not control any jointly- owned assets
Beneficiary Designations or assets

● Minimal Planning Opportunities

Cost: Typically \$500+

Better Alternative: Living Trust



Transfer assets to trust and clarify ownership and control



Incorporate strategic decisions about when children should inherit and how



Valid in every state.



Avoid probate upon death and structure distributions according to Islamic Law

Better Alternative: Living Trust



Transfer assets to trust
clarify ownership and



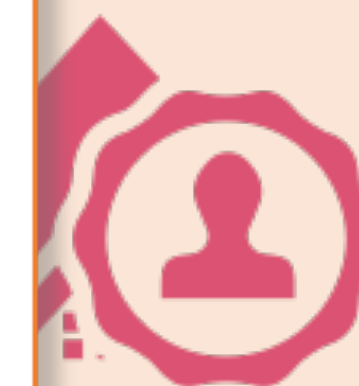
Valid in every state



Typically \$2000-\$5000+



Make strategic decisions about
who should inherit and how



Control distributions upon death and structure
distributions according to Islamic Law

Additional Benefits of Trust

I

Business

Succession Planning

80% of businesses in America are family owned but few survive after death of founder.

2

DAFs and Family

Foundations

Unpaid Zakah, Missed Prayers, Unfulfilled Hajj along with Sadaqah Jariyah opportunities which can be used to build sustainable institutions.

3

Donate

Appreciated Assets

Irrevocable trusts can protect you and your family from Creditors and Predators



Contact Us

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<https://plannedgiving.zaytuna.edu/>