



Document

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AGELESS CHARITY

There's good news in these uncertain times. Integrating charitable giving into your financial plans may provide tax savings, income, and the satisfaction knowing you've made meaningful, appropriate choices.

Charitable giving is possible at any age. Here are some ideas of how to build a lasting legacy, whatever stage you may be in life.

Of course, you know that a gift to a charitable organization can help reduce your taxes. But charitable planning goes beyond writing a check to feed the homeless at Christmas or to help children in Iraq. Besides, most people give because of the positive impact that follows.

Whether you're an up-and-coming thirty-something or a grandparent including charitable strategies with careful financial planning may help you accomplish personal and family goals and set an example to lead others in your family or community.

Here is a brief look at a few charitable planning options you can use today and in the years to come.

Every Adult at Any Age

- ✓ Create or update your will. Leave instructions about how you wish to distribute your possessions and assets.
- ✓ Designate your favorite charitable organization as a contingent beneficiary or remainder beneficiary of your estate and/or your retirement plan assets. ("Contingent or remainder beneficiary" is defined as the one who gets what's left after other assets – such as to family -- are distributed. This is a very common way to include charitable groups in estate planning.)
- ✓ Designate specific assets or a percentage amount of your estate to charity.
- ✓ Update and review your plans regularly.



Did you know? IRA-type assets are your most cost-effective estate gift?

Thirty-something and Single

- ✓ Unless you have significant wealth that requires more complex planning, consider designating a charitable organization as the beneficiary of your IRA. If you wish to leave this asset to a family member or friend, include a charitable organization as the contingent beneficiary. Then, if your heirs do not need or want the funds, the resulting charitable gift is easy (and 100 cents of every dollar goes to the charity).

- ✓ When planning cash gifts, consider combining a number of your smaller gifts into several larger ones, to increase their impact on the issues you feel are most important.
- ✓ Whenever possible, donate appreciated securities rather than cash (that can maximize positive cash savings at tax time).
- ✓ Designating your IRA is easy and fast. Log on to your plan website, find the beneficiary designation form, print it, sign it and fax it back. It can take 15 minutes or less to complete your plans.



Did you know? Combining gifts into one tax year will maximize your charitable deductions. For example, instead of making gifts in November, December and March, group them into a single tax year.

Raising a Family

Although you may not have much flexibility in your charitable giving during years in which your children are young and growing, your involvement in the community can positively influence the values of your children. Here are some ways to encourage them to participate wisely.

- ✓ Provide your children with a “charitable allowance.” They will learn to evaluate their reasons for giving and about the charities that will receive their gifts.
- ✓ Encourage your parents to think charitably. Many of them are conserving their estates for their heirs (you and your children). Depending upon your financial situation, you may not need or want all of your parents’ estate. Give them your permission to make the charitable gifts that they think are important. Help them leave a legacy everyone can look to with pride.
- ✓ Develop a multi-generation charitable team. Involve children, grandparents and yourselves in setting charitable priorities. It’s a great way to deepen family values and to create a legacy.
- ✓ Get involved with charitable groups that are working on the issues that interest you. It’s the best way to learn how your charitable dollars are put to work – and to see the results.



Did you know? For those who have created wills, the average age at which charitable bequests are included is forty-nine. (Planned Giving in the USA: A Survey of Donors, National Committee on Planned Giving, 2001)

Partnering

- ✓ Unmarried couples without children may find a charitable trust to be an ideal way to share certain assets while minimizing estate tax issues.
- ✓ Consider using IRA or retirement accounts to fund a testamentary charitable unitrust to provide for heirs or friends.
- ✓ Don’t forget IRA designations.

Booming at Fifty

By now you are saving for retirement. You are finding ways to preserve the wealth you've accumulated and are looking at estate issues.

- ✓ Perhaps you have significant assets accumulating in an IRA or other tax-deferred plans. Regardless of what happens to the estate tax, these assets will continue to be taxed at ordinary income rates. So if charities are included in your estate plans, IRA assets are the tax-wise choice.
- ✓ Consider a charitable option to save more for retirement or provide for your children's education. Using a charitable remainder trust, you can put away money today to use in retirement, and get a tax deduction to use this year (with larger gifts, for five more years). At an arranged point in the future, you will receive income. Between the time you create the trust and the first payout, the trust builds tax-free, like an IRA. With a slight variation, a charitable trust can function as an education trust for children. You still receive current tax deductions, income, and upon termination of the trust, your charity receives a significant gift.

Achieving Retirement Goals

The most important step you can take at this time is to determine what it will cost to live in retirement, and how much is sufficient to leave to your heirs. Once you are satisfied that you and they will have an appropriate amount, you are ready to consider charitable investments that will sustain our community.

Retirement Goals - continued

- ✓ Insure the future. When you had children at home, insurance was an important part of your plan. Today you may no longer need that policy. It can make an excellent gift to help build the endowment of one of your favorite charitable organizations.
- ✓ Alternatively, use tax savings from charitable giving to purchase life insurance for family members. In this way, inheritance will not be diminished because of your generosity to charity.
- ✓ What will your favorite charities do without you? Answer that question by endowing your annual gift to them. For example, to ensure that an organization continues to receive your annual gift of \$500 after you are no longer here, include a bequest of \$10,000 in your estate plan designated for the charity's endowment. It could generate the \$500 level of support for years to come.
- ✓ Reduce the headaches of property management. Use your recreational property or rental property to fund a charitable trust. You bypass capital gains taxes because the assets are sold within the trust. The assets can then be diversified to provide you with income for life. Of course, you can always give the property outright – all of it or only part of it. You'll get tax benefits and bypass some capital gains taxes.
- ✓ Charitable trusts may be the answer to troubling dilemmas. 1) By establishing a charitable trust, the spouse who has managed the family money can be assured that the surviving spouse will have a secure income for life. 2) Grandparents can provide

for their grandchildren's education. 3) When appreciated assets are used to create charitable trusts, they are no longer part of your estate and cannot be included in estate taxes.

- ✓ Give and live. Your residence can be given away, even as you continue to live there. If you've paid off your home, you can give it to a charitable organization but continue to live there for the rest of your life. This gift immediately translates into tax savings. You can use these deductions the year of the gift and up to an additional five years.
- ✓ Don't forget IRA designations. In addition, now through the end of 2009 people who are age 70 ½ can make gifts directly from their IRA to charities without negative tax impact.

Economic and political uncertainty is a call to action.

Create or revisit your plan with the guidance of competent professionals.

Not having a plan brings the worst kind of uncertainty. A good plan, well followed, brings confidence.

DISCLAIMER: Individual circumstances vary considerably. Examples used are intended as educational and not professional legal or tax advice. Please consult a competent advisor about your specific situation.

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