

the community foundation

The Community Foundation
of the
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Ways to Give

The Community Foundation offers a wide range of giving options to make it easy for you to establish a fund or contribute to one that already exists. Since we are recognized by the Internal Revenue Service as a public charity, you are provided with the maximum tax benefits allowed by law. Once your fund is established you can add to it at any time and in any dollar amount.

Give Now. Outright gifts to the Foundation can include cash, securities, real estate, life insurance or other assets.

Give Later. Planned gift options can include remainder gifts or life income plans. A life income plan is a charitable remainder trust or annuity that allows you to take an immediate tax deduction for your gift and receive an income stream for life. Remainder gifts are assets left to the Foundation at your death, such as pension plans, life insurance or the proceeds from the sale of a house.

Memorial Gifts

Special funds can be created to handle tributes and memorials. Contributions may also be made to existing funds in order to:

- honor a living person.
- memorialize someone who is deceased.
- commemorate an anniversary or special event.

Memorial gifts might be used to:

- create a scholarship fund acknowledging the contributions of a retiring teacher.
- engage a civic group in creating an emergency relief fund for a disaster.
- support the favorite charities of a couple celebrating their 50th anniversary.
- create a youth program that creates positive outcomes in the name of a deceased child.

Give Now.

Outright gifts can include cash, securities, real estate, and life insurance.

Gifts of cash

A cash gift is the simplest way to establish a named fund or to add to an existing fund. Cash gifts are fully deductible up to 50 percent of the donor's adjusted gross income in any one year. Deduction amounts exceeding this limit may be carried forward for up to five additional years.

Securities

Gifts of appreciated securities (bonds and stock, including stock in closely held companies) also may be used to

establish a fund or add to an existing fund. Such gifts often provide important tax advantages. Their full fair market value is deductible as a charitable contribution up to 30 percent of your adjusted gross income. As with gifts of cash, deduction amounts exceeding this limit may be carried forward for up to five additional years. The added benefit of giving appreciated securities is the avoidance of the capital gains tax on the appreciated portion of the gift. Gifts of closely held stock enjoy the same tax benefits as with publicly traded stock.

Gifts of depreciated securities can also be used to contribute to a charitable fund with advantages for the donor – feel free to discuss this giving option with Community Foundation staff.

Life insurance

Life insurance policies also can be used as charitable gifts. If you name our community foundation as the owner and beneficiary of an existing or new life insurance policy, you receive an immediate tax deduction, which usually approximates the cash surrender value of the policy. All premium payments made by you thereafter will be deductible as a charitable contribution.

IRA Distributions

Those 70 ½ or older can transfer IRA distributions directly to a designated or field of interest fund at The Community Foundation. The donated assets are not considered income and are not taxed, preserving the full amount for charity. Available until December 31, 2013.

Other Assets

You can contribute real property, mutual fund shares, limited partnerships or other business interests.

Give Later.

Remainder Gifts

Many donors choose to leave charitable assets upon their deaths. After assuring that their loved ones have been cared for, donors can use a variety of assets, such as pension plans, life insurance or the proceeds from the sale of a house, for charitable purposes.

Bequests

You can establish or add to your named fund in your will or trust through a bequest. Your gift can be used to accomplish almost any charitable goal:

- Establishing a scholarship fund
- Creating an endowment for a particular charity
- Leaving a family legacy, which allows children to continue their involvement in charitable grant making.

Pension plan beneficiaries

A retirement plan is one of the best types of assets to transfer to a charity because it produces taxable income. Most assets an heir inherits are free from income tax. However, an heir will pay income tax on disbursements from a decedent's retirement plan such as a profit sharing plan, Section 401(k) plan or IRA. If you are going to make a charitable bequest, it is usually better to transfer the taxable assets subject to income tax to a tax-exempt charity — such as a community foundation — and to transfer the assets not subject to income tax to heirs.

For a taxable estate over \$3 million, the combination of estate and income taxes will frequently exceed 75 percent of the total amount — even more if the generation skipping transfer taxes are triggered. At a cost to your heirs of only 25 percent of the fair market value of these type of assets, you could apply 100 percent of the assets to a named charitable fund to accomplish your specific charitable objectives. (This guideline may change periodically. Check with Community Foundation staff for most recent information.)

Life insurance beneficiaries

Perhaps you would like to contribute the proceeds of a life insurance policy to help the community, but you are not yet ready to give up ownership of the policy. By naming a community foundation only as beneficiary, you retain ownership of the policy and have access to the cash value as well as the right to change the beneficiary.

If you don't have liquid assets right now but want to support a favorite charity, a gift of life insurance may be a good option. While you retain ownership of the policy, there is no charitable deduction for the value of the policy when you designate a community foundation as the beneficiary or for subsequent insurance premiums. However, proceeds payable to the community foundation at your death will not be subject to federal estate taxes.

Life Income Plans

Charitable remainder trusts

A community foundation like ours can administer charitable remainder unitrusts and annuity trusts, both of which pay lifetime income to you or other named beneficiaries.

Establishing a trust is simple. Cash or property is transferred to the trust. The income beneficiaries receive annually an amount equal to a fixed percentage of the trust's fair market value (unitrust) or a fixed dollar amount (annuity trust). Upon termination of the trust, the assets are transferred to your named charitable fund to support your individual or personal charitable giving goals.

Charitable gift annuities

A charitable gift annuity from our community foundation is a way for you to receive a guaranteed income for life and an immediate income tax deduction, while at the same time, leaving a legacy to the charitable cause of your choice.

Through a charitable gift annuity, you receive a fixed stream of income for life. After paying the lifetime annuity to you and your spouse, the remaining principal is transferred to your named charitable fund to accomplish your specific charitable goals. Our payments to you are based on your age; the older you are, the higher the rate. If the annuity is for you and your spouse, the calculation is based on your joint ages. If you need the income now, you can use our deferred plan and receive the income tax deduction now, but begin receiving payments when you reach a specific age. This is an excellent complement to your existing retirement plan.

The tax advantages of both a current and deferred annuity are two-fold. First, you receive an immediate

income tax charitable deduction when you create your annuity. This is based on your age and annuity payout rate. Second, a portion of the payments you receive may be treated either as tax-free return of principal or long-term capital gains. These tax advantages increase the net income you receive.

Our development staff is pleased to provide a free, personalized analysis regarding your charitable gift annuity rate and tax deduction information. As these giving vehicles are complex and related to other estate planning, we encourage you to work with your lawyer or financial advisor. If you have questions about life income plans that have not been answered in this section, please [click here](#) to contact us for more information.

The best way to explore giving options is for a donor or advisor to meet with us. The Community Foundation staff is experienced in the use of these giving vehicles and eager to discuss them at any time.