

The Campaign to Make It Possible

There are many ways to make a personal gift.

I'd like to make a substantial pledge, but don't have the full amount available now: To increase your contribution to Camp Fire's campaign, you may make a pledge now and spread payment of your gift – and tax deductions – over as much as five years. (For quarterly or annual payment schedules, please see the next section.)

Additional giving through corporate, foundation, and family matches: Many corporations and foundations offer matching programs. Such programs may allow donors to double or triple the amount of their contribution, especially if the match is obtained each year of the pledge period. Please consult your benefits coordinator or human resources manager. If no formal matching program is established, ask your employer – your gift may be matched anyway. Individual families may also structure innovative “family” matches to involve everyone in creating a significant contribution to a capital campaign.

I have appreciated stocks, bonds, and property I've been hanging on to because I don't want to pay capital gains tax: An alternative to cash are gifts of appreciated property, such as securities. In many (if not most) situations, the full, fair market value of gifts of appreciated property is deductible. Additionally, taxes on capital gains are often avoided. Example: a donor owns a stock currently valued at \$50,000, which she purchased years ago for \$120. Because the capital gains tax is 15%, the gift of securities produces a \$50,000 charitable tax deduction that saves her \$10,000 in income tax. In addition, she avoids capital-gains tax on the \$49,880 of “paper” profit, which saves an additional \$9,976. The net cost of the \$50,000 gift is only \$30,024 (\$50,000 less \$10,000 less \$9,976).

Gift/Current Value Of Stock	Original Purchase Price	Amount for which no capital gains tax is owed
\$228,000	\$5300	\$222,700
\$43,000	\$2125	\$40,875
\$21,500	\$1060	\$20,440

The above example is based upon Starbucks stock that has appreciated in value significantly in recent years.

Giving with Stock: Above is a current breakdown of the capital gains tax savings that could benefit a donor. As always, the particular tax savings depend on individual circumstances and must be discussed with personal financial and tax advisors.

The net cost of your gift depends on several variables. There is a limit on the total amount of a gift that can be deducted in one year. A donor with an income of \$100,000 can deduct \$30,000 in one year for gifts to charities like Camp Fire. The extra amount of the gift can be deducted over as many as the following five years.

I'd like to further explore the options that are best for me: □ Barbara Dubovich, 257-8806 or Joanne Phillips, 257-8819, would be happy to provide further confidential information as you formulate your pledge to the capital campaign. We also recommend that you consult with your own financial and tax advisors as part of maximizing and finalizing your campaign gift plans.

Planned Gifts: Donors who would like to make a significant contribution to Camp Fire, but do not have resources to make an immediate gift, may find a solution through a variety of planned gifts. The commitment to give is made now, but the gift does not effectively come into the possession of Camp Fire until a future date. Advantages to donors of such gifts can include reduction in estate, capital gains, gift, and/or income taxes. Some planned gifts such as charitable annuities may provide donors or designees with a lifetime of income. Gifts of this nature are gladly accepted and will be credited towards The Endowment Fund.

There are many options for how planned gifts can be made to charitable institutions. Tools of giving come in all shapes and sizes, ranging from quick and easy one-step solutions to more complex planning.

It is always best to seek professional advice before making any charitable gift, but the following examples illustrate several convenient giving vehicles for making legacy gifts. Some assets are better for gifting during one's lifetime (such as long-term appreciated stock) and some are better for gifting as part of one's estate (such as traditional IRA accounts.)

Include a charitable bequest in your will

Don't forget about charity when you make a will. Whether or not you are working with legal and financial advisors on your will, it is easy to include a charitable bequest in your will (or revocable living trust if you have one). Your bequest can be an outright gift of money or property, a gift of a percentage of your estate, a gift of the rest of your estate after gifts to your family, or a "contingency" gift—giving your estate to charity only if your family doesn't survive you.

Add a POD or TOD designation

As desirable as it is to make a will, you can leave a legacy without one. You can add a "pay on death" (POD) designation or a "transfer on death" (TOD) designation to a bank account or security, naming a beneficiary to receive the asset following your death.

POD and TOD designations are commonly used to pass assets to family members, avoiding probate at death. A charity can be a beneficiary too—either the sole beneficiary or one of several. To leave a legacy with a POD or TOD designation on a bank account, for example, all you need to do is go to the bank and fill out a new signature card.

Leverage your life insurance policy

It's easy to call your life insurance company and request a change of beneficiary form. You can name a charity as beneficiary of all or part of the policy proceeds following your death. You can also incorporate current giving—with income tax benefits—by giving the life insurance policy itself to the charity, as well as naming the charity as the beneficiary. Your payment of the premium each year will be an annual gift to charity, eligible for the income tax deduction.

Use your retirement plan or pension plan

By filling out a simple change of beneficiary form, you can name a charity as a whole or partial beneficiary of your tax-deferred IRA or 401(k) retirement plan. Don't worry—the money is still yours to live on following retirement. By naming a charity as the beneficiary, you are giving the charity only what is left at the time of your death—the money you don't use during your lifetime.

Large pension plan assets can be subject to this double or triple taxation (federal estate, federal income, and state death and state income tax) that virtually eliminates the benefits to heirs if tax-wise alternative planning is not arranged.

Proceeds from these plans are subject to income tax when distributed to individuals, but not when distributed to a charity because a charity is tax-exempt. This is a great way to maximize a charitable gift because the charity ends up getting a lot more out of the retirement plan than an individual beneficiary would have received after the tax hit.

Establish your own charitable fund

Talk to your banker or investment advisor about setting up a special savings or investment account earmarked for charity. A separate account might inspire you to save throughout the year for your annual charitable gifts, which you can make out of the special account. You can also specify—with a “transfer on death” designation or a bequest in your will—that the account pass to charity following your death, leaving your own special legacy.

Most community foundations offer “donor advised funds,” which allow you to make a charitable gift to the community foundation and then direct, with approval of the Foundation, distributions out of that gift to charities of your choice each year. In addition to a donor advised fund, these foundations offer other types of opportunities to carry out your charitable goals.

Charitable remainder trusts

Donors and spouses can benefit from lifelong payments from such a trust, and the designated charity or charities receive any remainder. The donor selects the rate of return from these income arrangements and also chooses a fixed or fluctuating annual payment to be made to the designated beneficiaries as long as they live. Most trusts are set up to provide income to the donor and spouse, but can benefit successive generations as well as non-family members. Capital gains tax may be delayed or partially bypassed. The trust does not pay tax on the capital gain, but a portion of the capital gain will be assigned to the income beneficiary as distributions are received from the trust. You will receive a tax deduction based on the age of the income recipient, the applicable federal interest rate, and the rate of return chosen.

Charitable lead trust

In a charitable lead trust, assets (generally cash or securities) are transferred to a trust that pays income from the fund to a charitable organization for the number of years you select. At the end of the designated time period, the trust terminates and the assets are given back to the person you name. This trust helps to lower estate and gift taxes that would otherwise be due on the assets. This option is especially attractive if you want to leave your children or grandchildren assets in the future, but not immediately.

Charitable gift annuity

In exchange for a gift of cash, stock or property, an organization will pay you, you and your survivor, or another person named by you, a guaranteed income for life. In addition, you receive a substantial income tax deduction in the year of the gift and part of the annual payment is non-taxable. Your annuity payment and tax deduction are based on the age and income of the recipient.

Deferred charitable gift annuity

A deferred gift annuity is similar to a gift annuity except that payments begin for you at a future date of your choice, such as your retirement. Your tax deduction and the annual rate of return on your annuity increase the longer you wait to start payments. This is an excellent retirement planning method to implement during prime income producing years that will benefit you in your retirement years.

Real estate

For some people, a gift of land, primary residence, or vacation home is a preferred way to make a gift. You will receive a tax deduction for the full fair market value, avoid all capital gains tax and remove this asset from future estate taxes. One option is to give certain types of real estate while you retain a life tenancy. This provides a substantial income tax deduction by giving (deeding) your home or farm to an organization now. You continue to live there, maintain the property as usual, and even receive any income it generates. At your death the property will be sold by your designated organization and the proceeds will support its mission. Most charities have gift acceptance policies that require them to complete an evaluation of the property prior to accepting it as a current or planned gift.

Establish a family foundation

For donors with substantial assets and a strong commitment to charitable causes, a private charitable foundation is an option. The donor, with the help of professional advisors, establishes a foundation, a separate entity. The donor and others transfer funds to the foundation. The donor's family, often together with a bank or trust company, manages the foundation. The foundation's income and assets are used to make gifts to charity or charities.

Creative combinations—the sky's the limit!

Work with your professional advisors to create the perfect planned gift for you. All charitable giving tools, from the simple to the complex, can be mixed and matched to leave a legacy in a way that fits your own financial and family situation.

*Planned giving information provided by Leave a Legacy of Western Washington.
Visit their webpage at www.leavelegacy.org.*

**Please contact Barbara Dubovich, 257-8806 or Joanne Phillips, 257-8819,
for further information.**

**PROFILE OF GIFTS NEEDED
TO RAISE \$5 MILLION**

Camp Fire USA Alaska Council:

Profile of Gifts to Secure \$5M

	Gift Range	# of Gifts	Total	
Government Appropriations and Grants (federal and state)			\$700,000	
Sub-Total			\$700,000	14%
Lead	\$1,000,000	1	\$1,000,000	
	\$500,000 - \$999,999	1	\$500,000	
	\$300,000 - \$499,999	1	\$300,000	
	\$250,000 - \$299,999	2	\$500,000	
	\$100,000 - \$249,999	5	\$500,000	
	\$50,000 - \$99,999	8	\$400,000	
Sub-Total		18	\$3,200,000	64%
Major	\$25,000 - \$49,999	16	\$400,000	
	\$10,000 - \$24,999	30	\$300,000	
	\$5,000 - \$9,999	42	\$210,000	
Sub-Total		88	\$910,000	18%
Community	\$2,500 - \$4,999	31	\$77,500	
	\$1,000 - \$2,499	50	\$50,000	
	< \$1,000	Many	\$62,500	
Sub-Total		81	\$190,000	4%
	TOTAL	187	\$5,000,000	100%

POSSIBLE SCHEDULE FOR THREE-YEAR PLEDGES

Gift Level	Yearly Payments/ 3 Years	12 Quarterly Payments	36 Monthly Payments
\$100,000	\$33,333	\$8,333	\$2,778
\$50,000	\$16,667	\$4,167	\$1,389
\$25,000	\$8,333	\$2,083	\$694
\$15,000	\$5,000	\$1,250	\$417
\$10,000	\$3,333	\$833	\$278
\$7,500	\$2,500	\$625	\$208
\$5,000	\$1,667	\$417	\$139
\$2,500	\$833	\$208	\$69
\$1,000	\$333	\$83	\$28