

# Foundations for the FUTURE

PINE REST  
FOUNDATION



A special gift, estate and financial planning  
newsletter for friends of the Pine Rest Foundation

Fall 2011

## Create a Legacy: Let Your Heart Lead the Way

by Bert Elliott

When I was a young child, I noticed my mother putting money in envelopes in the freezer. One of the envelopes was marked "charities." My mother sent money every month from that envelope to several organizations. Even though the amount each month was small, I learned at a very early age that giving back was important.

As my mother turned 80 in July, I had a chance to sit down and talk to her about my parents' estate plans. I was not surprised to find out they have included charitable gifts in their will. A planned gift was a logical next step to their giving. Little did I know that I would become the Planned Giving Officer for Pine Rest, with the opportunity to work with donors just like my parents!

Planned giving, sometimes referred to as legacy giving, is a way to convey one's values and desires through the creation of a future gift to charity or as a foresighted action to strengthen a favorite cause. Planned giving enables Pine Rest to achieve long-term financial stability and sustainability, offering a way to enhance and diversify Pine Rest's efforts.

### *Planned giving:*

- is a way to make a real difference now and in the future for Pine Rest and the donor.
- is accessible. Almost everyone has the ability to create a planned gift.

According to *Advancing Philanthropy* magazine, December 2010, in an article entitled "You Cannot Afford to Ignore Legacy Giving," "less than 10 percent of Americans create planned gifts, while nearly 70 percent make gifts to charity during their lifetimes."

Many people who are committed to giving during their lifetime to organizations like Pine Rest aren't aware of their planned giving options. In my experience as a fundraiser working with individuals and corporations, I have found that most people were not aware that they had the ability to make a planned gift to their charity of choice.

### *There are three types of planned gifts:*

- outright gifts that use appreciated assets as a substitute for cash;
- gifts that return income or other



**Bert Elliott**  
Planned Giving Officer

financial benefits to the donor in return for their contribution;

- gifts payable at the end of one's lifetime.

Through my parents' example, I know the unique relationship planned giving creates, honoring the donor as well as their wishes. As the Planned Giving Officer for Pine Rest, I welcome the opportunity to work with you to help you create your legacy.

For more information about planned giving or to include Pine Rest in your estate plans, please contact me at **616-222-4500** or email me at **bert.elliott@pinerest.org**.



# Giving Wisely in 2011

You can help ensure that your gifts result in maximum benefits for you, your loved ones and your charitable interests by carefully considering the best ways to give.

## *The most popular way to give*

People make year-end gifts to Pine Rest by cash or check more than any other means. Cash gifts are convenient and are welcome in any amount. Through gifts of cash, it can be possible to eliminate federal (and perhaps state) income tax on a large portion of your income.

This allows you to make charitable gifts using resources that would otherwise be partially consumed by taxes.

## *In the market for giving?*

If you have securities you have owned for more than a year that are

worth more than they cost, consider using them to make gifts. Your deduction will actually be based on their full value. Not only that, you will not owe capital gains tax that would be due on a sale of the securities.

If it fits with your plans, you can then repurchase the securities at their current price. You then enjoy a new, higher cost basis with less tax due on a future sale. A subsequent sale at a lower value could result in a deductible loss instead of less gain.

## *Benefit from losses*

If you hold securities or other investments that are now worth less than they cost, consider selling them and giving the cash proceeds. When you are able to deduct the amount of the loss as well as the gift amount, your deductions will total more than the current value of the investment.

## *Maximize benefits now*

If you or your advisors believe that charitable deductions may be limited in the future, as has been proposed, you may find that giving more this year will assure the greatest overall tax savings. Remember that only gifts completed by Dec. 31 will be deductible on your 2011 tax return.

## *More information*

For more information about making tax-wise gifts to Pine Rest Foundation, return the enclosed card or contact Bert Elliott at (616) 222-4500 or email her at [bert.elliott@pinerest.org](mailto:bert.elliott@pinerest.org).

## *Special Opportunity Expires Dec. 31*

A special provision that allows those 70½ and older to direct gifts from traditional and Roth IRAs to charity has been reenacted through the end of this year.

Many people who do not anticipate needing all of these funds may find this to be a very tax-wise way to support Pine Rest Foundation and their other charitable interests.

Gifts of up to \$100,000 per person may be made in this way. These gifts will count toward minimum required distributions and are not subject to income tax. While no charitable deduction may be claimed, not having the donated funds subject to income tax is equivalent to a 100 percent tax deduction.

Those over 70½ with IRAs who enjoy making charitable gifts should consider this special opportunity.

# Planning Tips

When planning for the future distribution of their assets, many people are surprised to learn of a number of ways to provide for charitable gifts after first remembering family, friends and other loved ones.

You may wish to consider one or more of these special ways to make what may be the gift of a lifetime.

## *Wills and trusts*

After first making gifts to those you wish to receive a specific sum or certain property under the terms of your will or living trust, you can then name charitable interests like Pine Rest to receive all or a portion of what remains. See the box at right for sample bequest language.

## *Life insurance and retirement plans*

In addition to the immediate gift possibilities mentioned for IRAs on Page 2, you may wish to include one or more charitable interests to receive gifts from life insurance proceeds or any amount remaining in a retirement account beyond what is needed by your family or others.

## *Bank and investment accounts*

In many states, it is possible to title investment and bank accounts in ways that result in whatever remains becoming a charitable gift that will pass free of estate tax and outside the probate process.

## *Consult your advisors*

Check with us or your advisors for more information about any of the ideas presented here. We will be happy to help, without obligation, with the charitable dimension of your plans.

# A Gift That Provides Income

You may be interested in special tax savings and other benefits available to you when you fund a **gift annuity** using low-yielding stocks, bonds, mutual funds or other investments.

For example, Mrs. Hartzel has stock worth \$20,000 that currently yields only 1 percent, or \$200 per year, in dividends. She invested just \$5,000 in the stock a number of years ago. If the stock were sold today, she could owe capital gains tax on the \$15,000 increase in value.

Instead, she uses the stock to fund a charitable gift annuity. At her age, she will receive annual payments totaling \$1,600, or 8 percent of the amount of her gift. Mrs. Hartzel is entitled to an income tax charitable deduction of more than \$10,300 in the year of her gift. She also avoids capital gains tax at the time the annuity is created, and is pleased to learn that a large portion of her payments will be taxed at lower capital gain rates for the first seven years. In addition, the stock is removed from her taxable estate, possibly saving her heirs a significant sum in estate taxes.

Contact us for more information regarding increased income and other benefits you could enjoy through a charitable gift annuity.



## *Bequest Language*

“After fulfilling all other provisions, I give and bequeath the sum of \$\_\_\_\_\_ (if a specific amount) or %\_\_\_\_ of the remainder of my estate, as a charitable contribution to the Pine Rest Foundation, 300 68th Street, Grand Rapids, MI 49501.”

# Questions & Answers About Year-End Giving

## Gift Planning Pointers

- Complete all gifts by Dec. 31 to qualify for tax savings on your 2011 income tax return.
- Keep all receipts and acknowledgment letters, especially for gifts of \$250 or more.
- Consider using securities to make gifts. Such gifts can yield greater tax benefits.
- If you are age 70½ or older, check with us or your advisors about tax-free IRA gifts in 2011.

### **Q. Why should I make my gifts as early as possible?**

**A.** In order to enjoy tax benefits for charitable gifts this year, they must be completed by Dec. 31. Begin discussing your plans with advisors early to allow enough time to complete transfers and avoid hasty, last-minute decisions.

### **Q. What can I give as part of my year-end planning?**

**A.** Cash, usually in the form of a check, is the most popular type of charitable gift at the end of the year. If you itemize your tax deductions and donate cash, you are allowed to eliminate tax on up to 50 percent of your adjusted gross income (AGI). Any unused deductions may be used to help reduce taxes in up to five future tax years.

### **Q. Can I give property other than cash to fund my year-end gift?**

**A.** Yes. Investments that have increased in value during the time you have owned them can be an especially attractive choice when considering ways to make charitable gifts. Low-yielding stocks, bonds, real estate and other property can provide a tax-wise way to make meaningful gifts with little or no impact on your spendable income.

### **Q. I usually don't itemize my income tax deductions. Can I still save taxes from my gifts?**

**A.** Yes. Consider making extra gifts this year to boost the total of your deductions over the standard deduction amount, thus qualifying you to itemize. This is sometimes referred to as "bunching" deductions. Remember, you avoid capital gains tax on donated property whether or not you itemize deductions.

### **Q. I generally review my estate and financial plans at the end of the year. Can these plans also include charitable gifts?**

**A.** Yes. As part of a review of your will or living trust, you may wish to include Pine Rest Foundation in the form of a specific amount, a percentage or "what's left" after providing for other heirs.



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