Legacy
GIVING

FAITH
IN ACTION

A guide to Charitable Giving
through Estate Planning

Faith in Action Caregivers depends on donations from members of our community to continue to provide services to our neighbors in need. Your generous gift can be made in a number of ways.

Your thoughtful contribution to *Faith in Action*, through your estate plan, opens doors for older adults and individuals with disabilities facing challenges to remain independent. Thank you for your commitment to ensuring that *Faith in Action* can continue making a lasting difference in the lives of those we support for years to come.

Common Gifts

Wills and Living Trusts

Legacy Planning

You wish to leave a contribution to *Faith in Action* within your will or living trust, while also retaining the ability to adjust your plans should circumstances change. This dual objective can be achieved seamlessly.

In just a single sentence, you can solidify your donation. This form of bequest to *Faith in Action* through your will or living trust ensures the sustained advancement of our mission for generations to come.

> *Illustrative Scenario:*
>
> *Robert & Emily, parents to three young children, recognized the importance of establishing an estate plan. Through this process, they contemplated their loved ones and cherished organizations, envisioning the legacy they desired to create. They discovered the simplicity and adaptability of including a brief provision to allocate a portion of their estate or a specified sum to Faith in Action.*

Beneficiary Designations

Streamlined Giving through Beneficiary Designations

For those who prefer flexibility over committing gifts in their wills or estates, beneficiary designations offer an attractive option. This method allows individuals to designate *Faith in Action* as a beneficiary through various channels:

- IRAs and retirement plans
- Life insurance policies
- Donor-advised funds
- Commercial annuities

Naming *Faith in Action* as a beneficiary is a straightforward process. Simply initiate the procedure by obtaining a change-of-beneficiary form from your policy administrator or by downloading it from your provider's website. Once you've made the desired adjustments, submit the form to formalize your gift.

Illustrative Scenario:

George & Carol hold dear the financial support they've provided their children and their local charities over time. Recently, they updated their will to allocate stocks and real estate to their offspring. Additionally, they decided to designate $75,000 from their IRA to Faith in Action Caregivers upon their passing. As Faith in Action enjoys tax-exempt status, the entire $75,000 will contribute to advancing our mission.

Had George & Carol chosen to pass the IRA to their children, approximately $18,000 would have been allocated towards federal income taxes, leaving only $57,000 for their family's benefit. With their revised estate plan, George & Carol are content, knowing they're maximizing the impact of their hard-earned assets.*

**This calculation is based on the assumption of a 24% marginal income tax bracket.*

Strategic Giving from Your IRA

A Tax-Efficient Path to Support Faith in Action

Contribute to a meaningful cause while minimizing your tax burden. This opportunity arises when you choose to support *Faith in Action* through your IRA.

A Special Opportunity for Individuals Aged 70½ and Above:
If you are 70½ years old or older, you have the option to donate any amount, up to a maximum of $105,000 per year, directly from your IRA to a qualified charity like Faith in Action without incurring income taxes on the funds. Any donation valued at $105,000 or less is eligible for this advantageous treatment, allowing you to contribute to Faith in Action while enjoying tax benefits. This popular charitable contribution method is commonly known as the IRA charitable rollover or qualified charitable distribution (QCD).

Reasons to Consider This Giving Strategy:

- ***Immediate Impact:*** Your donation begins making a difference immediately, enabling you to witness the positive effects of your contribution.

- ***RMD Satisfaction:*** Starting from the year you turn 73, you can utilize your donation to fulfill all or part of your required minimum distribution (RMD) obligations.

- ***Tax Efficiency:*** The transferred funds are not subject to income taxes, providing you with tax benefits irrespective of whether you itemize deductions.

- ***Income Reduction:*** As the donation is not considered income, it can potentially lower your annual income, leading to reduced Medicare premiums and decreased taxation on Social Security benefits.

For Individuals Aged 59½ and Above
If you've reached the age of 59½ or older, you have the option to withdraw funds from your IRA and subsequently donate them without incurring any penalties. Additionally, if you choose to itemize your deductions, you can claim a charitable deduction for the amount of your contribution.

Irrespective of Age
Regardless of your current age, you have the ability to designate *Faith in Action* as the beneficiary of part or all of your IRA assets, which will pass to us tax-free following your lifetime. The process is straightforward: simply contact your IRA administrator to request a change-of-beneficiary form or download one from your provider's website.

Tip: It's crucial to inform us about your intended gift, as many popular retirement plan administrators may not have an obligation to notify a charity of your designation. Moreover, they typically do not oversee whether your gift instructions are carried out. We welcome the opportunity to discuss your intentions to ensure they are fulfilled and express our gratitude for your generosity.

Income Gifts

Charitable Gift Annuity (Gifts That Pay You Income)

There's a way for you to support *Faith in Action* and feel confident that you have dependable income in your retirement years. You can do this with a charitable gift annuity.

With a charitable gift annuity, you agree to make a gift to *Faith in Action* and we, in return, agree to pay you (and someone else, if you choose) a fixed amount each year for the rest of your life. The balance is used to support our work.

This type of donation can provide you with regular payments for life and allow us to further our mission. You can also qualify for a variety of tax benefits depending on how you fund your gift.

If you fund your gift annuity with cash or appreciated property, you qualify for a federal income tax deduction if you itemize. In addition, you can minimize capital gains taxes when you fund your gift with appreciated property.

And now, you can fund your gift using your IRA assets. If you are 70½ and older, you can make a one-time election of up to $53,000 to fund a gift annuity. While your gift does not qualify for an income tax deduction, it does escape income tax liability on the transfer and count toward all or part of your required minimum distributions.

Charitable Remainder Trust

Strategies for Significant Contributions

If you've amassed substantial assets and seek reliable income, a charitable remainder trust could be an ideal solution. This trust structure offers you or designated beneficiaries annual income for life or up to 20 years from assets contributed to the trust you establish. Upon conclusion of the trust term, the remaining balance is directed to *Faith in Action*.

Such contributions may yield tax advantages and provide income options. There are two payment methods available, each offering distinct benefits:

- ***Annuity Trust:*** Provides you with a fixed dollar amount annually, chosen at the outset. Your payments remain constant regardless of fluctuations in trust investments.

- ***Unitrust:*** Yields a variable annual payment based on a predetermined percentage of the fair market value of the trust assets. Payment amounts are reassessed yearly. If the trust's value increases, your payments rise accordingly. Conversely, if the value decreases, your payments decrease as well.

Illustrative Scenario

Susan, aged 75, wishes to support Faith in Action while also securing additional future income. She establishes a charitable remainder unitrust, guaranteeing annual lifetime payments equal to 5% of the trust assets' fair market value, reassessed annually. Susan endows the trust with assets valued at $500,000.

In the first year, Susan receives $25,000 from the trust, with subsequent payments varying annually based on the trust assets' valuations. She qualifies for a federal income tax charitable deduction amounting to $290,360 upon creating and funding the trust. This deduction results in tax savings of $92,915, considering Susan's 32% tax bracket.*

**This calculation is based on a 5.2% charitable midterm federal rate. Deductions and outcomes may vary depending on individual circumstances.*

Other Ways to Give

Gift of Appreciated Securities

A Tax-Efficient Approach to Leverage Appreciated Assets

Securities and mutual funds that have appreciated in value over one year are commonly used assets for supporting *Faith in Action*. Contributing appreciated securities or mutual funds not only enables you to champion our cause but also offers significant advantages for yourself.

By donating appreciated securities or mutual funds to advance our mission, you can potentially minimize or entirely eliminate federal capital gains taxes associated with the transfer. Moreover, you may qualify for a federal income tax charitable deduction based on the fair market value of the securities at the time of donation.

These assets are typically utilized to support our initiatives in the following ways:

- **Outright Gift:** Donating securities directly to *Faith in Action* provides you with comparable income tax benefits as writing a check. However, it additionally eliminates capital gains taxes on the transfer, which can be as high as 20%.

- **Transfer on Death (TOD) Account:** Establishing a TOD designation on your brokerage or investment account ensures that the account assets are distributed to designated individuals or charities, including *Faith in Action*, after your lifetime.

*Please note that Transfer on Death accounts are subject to state laws. For guidance on this type of gift, we recommend consulting with your bank representative or investment advisor.

Real Estate

Transforming Realty to Gift Reality

Want to make a gift to *Faith in Action* without touching your bank account? Consider giving us real estate, such as a personal residence, vacation home, farm, commercial property, or undeveloped land. Such a generous gift helps us continue our work for years to come. And a gift of real estate also helps you. When you give *Faith in Action* appreciated property you have held longer than one year, you qualify for a federal income tax charitable deduction, and you may minimize or eliminate capital gains tax. And you no longer have to deal with that property's maintenance costs, property taxes, or insurance.

Another benefit: You don't have to hassle with selling the real estate. You can deed the property directly to *Faith in Action* or ask your attorney to add a few sentences in your will or trust agreement.

Ways to Give Real Estate
You can give real estate to *Faith in Action* in the following ways:

- An outright gift
- A gift in your will or living trust
- A donor advised fund
- A deferred charitable gift annuity
- A retained life estate
- A charitable remainder unitrust
- A bargain sale
- A charitable lead trust
- A memorial or endowed gift

Donor Advised Fund

Simplify Your Philanthropy

A donor-advised fund (DAF), akin to a charitable savings account, offers you the flexibility to suggest the amount and frequency of donations to *Faith in Action* and other eligible charities. You can propose a one-time grant or regular contributions to make an immediate impact or utilize the fund to facilitate future charitable endeavors.

Additionally, you have the opportunity to establish a lasting legacy by designating *Faith in Action* as the beneficiary of the entire DAF or a portion thereof. By allocating a percentage, you can initiate a family tradition of charitable giving, naming your loved ones as successors to continue recommending grants to charitable causes. Simply reach out to your fund administrator for a beneficiary designation form.

Memorials and Tribute Gifts

Honoring a Loved One with a Meaningful Gift

If you have a loved one who has been touched by *Faith in Action*, creating a memorial or tribute gift is a heartfelt way to commemorate their memory, while also contributing to our cause. Your memorial or tribute donation will perpetuate the legacy of your loved one and make a tangible impact.

> *Illustrative Scenario*
> *After John's aunt passed away, he was determined to establish a lasting legacy in her honor. Recollecting her admiration for Faith in Action and their dedication to older adults in our community, John knew he wanted to do something significant.*

John opted to make a gift to Faith in Action in his aunt's name, utilizing appreciated securities. This decision not only ensures that his aunt's legacy endures at Faith in Action through the donation but also enables John to qualify for a federal income tax charitable deduction while eliminating capital gains tax on the securities.

Endowed Gifts

Your Gift: A Lasting Legacy

An endowment contribution to *Faith in Action* today paints a brighter future for our organization. By donating to an endowment, you provide a gift with both immediate and enduring benefits.

Endowment gifts are strategically invested. A fraction of the annual income generated from these investments is allocated to address pressing needs at *Faith in Action*. The remaining funds are reinvested, ensuring continuous and indefinite support.

Illustrative Scenario

Charlie and Susan, dedicated supporters of Faith in Action, have two key objectives: Firstly, they aim to ensure sustained backing for the organization beyond their lifetime. Secondly, they aspire to establish a perpetual legacy in honor of Charlie's parents who were served by Faith in Action.

To realize these goals, Charlie and Susan contribute $25,000 to Faith in Action, which is then invested. Each year, a portion of the income generated from these investments will be utilized to further our mission, paying homage to Charlie's parents. Additionally, Charlie and Susan qualify for a federal income tax charitable deduction on their taxes.

Charitable Lead Trust

Safeguard Your Wealth

If you seek to make an immediate impact at *Faith in Action* while ensuring provisions for your family's future, consider establishing a charitable lead trust. This entails transferring cash or other assets to a trust that disburses payments to *Faith in Action* for a designated period. Upon the trust's expiration, the remaining assets are passed on to your chosen beneficiaries, such as your family.

Charitable lead trusts make payments to *Faith in Action* in two primary ways:

- ***Charitable Lead Annuity Trust:*** This trust structure provides a fixed annual payment to *Faith in Action* and is particularly advantageous when interest rates are low.

- ***Charitable Lead Unitrust:*** In this arrangement, the trust disburses a variable annual payment to *Faith in Action* based on the trust's asset value. If the trust assets appreciate, the payments to *Faith in Action* increase accordingly.