

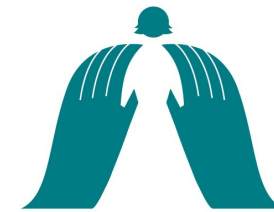
A GUIDE TO

VISION | 360°

Planned Giving Circle



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Women's Foundation
OF ARKANSAS

Throughout its history, Women's Foundation of Arkansas has benefitted from the many outright gifts of its generous founders and friends. In this second decade, the Foundation invites you to ensure its history by considering a planned gift. A planned gift to Women's Foundation of Arkansas makes certain that Arkansas's women and girls will *always* have the necessary resources, tools and knowledge to reach their full potential.

As a way to assist you in selecting the type of planned gift you might create, we have put together this booklet of information as a guide. Developing a charitable plan taking into account your financial and charitable needs is no small task. The Foundation recommends that in your consideration of making a planned gift you consult with your financial or legal advisor. With the ever-changing tax code, it is wise to seek professional advice so that you might make the most informed choice.

Making a planned gift to Women's Foundation of Arkansas can offer you some – or all – of the following benefits your charitable planning:

- Pleasure in knowing that Women's Foundation of Arkansas will continue to exist in perpetuity providing the state's women and girls a funding source for programs/projects;
- Income tax savings through the charitable deduction for the value of the gift;
- Avoidance of the capital-gains tax on contributions of appreciated, long-term, capital-gain property with respect to certain gifts;
- Elimination of federal estate tax on the value of the interest in property passing to the foundation upon your death;
- Reduced estate-settlement costs; and,
- Membership in VISION | 360°, Women's Foundation of Arkansas's planned giving circle where we might honor you and recognize your gift. VISION | 360° donors are invited to all WFA special events and are listed on the website and in all publications.

We thank you for considering the Women's Foundation of Arkansas in your estate planning. Please feel free to contact the Executive Director to discuss these giving options. As mentioned in our introduction, we encourage you to meet with your financial or legal advisor for a full understanding of the tax implications of your gifts.

Beneficiary

One named in a Will, Trust or other legal document to receive an interest in an estate.

Bequest

A direction in a Will to pay over or distribute personal property. May also be called a Legacy.

Grantor

The creator of a trust or other legal instrument.

Income or Current Beneficiary

The person(s) or entity(ies) that receive(s) the current income or distributions for a trust according to its terms.

Inter Vivos

During life.

Irrevocable

Donor does not retain the right to change her mind (may be able to change charities but cannot revoke plan).

Legacy

A disposition of personal property by a Will.

Life Income Gifts

A variety of charitable gift vehicles that provide an income, usually for life, to a donor and/or her designated beneficiaries. These may include charitable gift annuities, charitable remainder trust, both unitrust and annuity trusts and charitable lead trusts.

Personal Property

These are things that can be touched; tangible things. Examples might include book collections, art and jewelry. It does not include cash or cash equivalents such as checking accounts.

Present Value

The value that a gift expected in the future would be worth today.

Charitable Lead Trust

This is similar to a charitable remainder trust, except that the annual payments are given to the Women's Foundation of Arkansas and the principal reverts to the donor or to his or her designated beneficiaries at the end of the trust term. If the principal reverts to the donor, she gets a charitable income tax deduction; if to another, that person gets a charitable gift tax deduction.

Non-grantor Lead trust: the trust assets pass to heirs at the end of the trust term. The donor receives a gift-tax charitable deduction at the time the trust is created, and also avoids all income tax on the trust income. The appreciated value of the lead trust passes gift-tax free to the heirs at the end of the trust term.

Grantor Lead Trust: the trust assets revert to the donor or spouse at the end of the trust term. The donor, however, gets a charitable income tax deduction in the the year the trust is created for the present value of the gifts to charity during the trust term.

The Need

This is for donors with very large estates who would like to pass as much to family as possible and pay as little gift or estate tax as possible.

The Solution

The donor funds a lead trust. The trust pays income to the Women's Foundation of Arkansas for the donor's life or a specified term of years. At the end of the term, the proceeds in the trust are transferred to family.

The Benefit

Donor receives an estate tax deduction and
May pass appreciation to the family

Gift Annuity

This is an irrevocable transfer of property (e.g.. cash, securities) in exchange for a contract to pay the donor or the donor's designee an annuity for life. The Women's Foundation of Arkansas offers donors the planned giving option of charitable gift annuities through the use of an approved provider.

A charitable gift annuity is a contract between the donor and the investment provider. It gives the donor the opportunity to make a charitable gift to the Women's Foundation and secure a stream of income for life. This method benefits both the donor and Women's Foundation of Arkansas!

Receives an immediate income tax deduction and
Receives income for life or a term of years.

The Details

Assets transferred to a remainder trust can be stocks, bonds, real estate, personal property, or even cash.

A trustee manages the trust. The trustee can be a bank, trust company or even the Women’s Foundation in certain instances.

A unitrust must pay at least 5% per year, but usually pays from 6% to 8% per year.

Unitrusts are usually written for amounts of at least \$50,000 and should really be around \$100,000. This is because of the expense of managing the trust.

The length of the trust may vary. It can be for one or two lives or for a term of years up to 20 years.

Charitable Remainder Annuity Trust provides a fixed payment as determined and stated in the trust document.

The Need

Many people would prefer to have a fixed payout rather than a percentage payout, which can vary year to year as in the unitrust. The payout to the donor in the annuity trust will not fluctuate from year to year. This trust is usually only used by people in their late seventies or eighties since there is no inflation protection in a fixed payout.

The Solution

An annuity trust will work just as the unitrust in the funding of the trust, etc., but instead of receiving a percentage of the trust value, the donor receives a fixed dollar amount each year for the life of the trust.

The Benefit

Avoids the capital gains tax completely and
Receives an immediate income tax deduction and
Receives a fixed stream of income for life or a term of years.

Probate

The process of proving a Will’s validity; used loosely to mean the administration of an estate.

Real property

A general term that encompasses land, land improvements such as buildings and machinery sited on the land, as well as the various property rights associated with owning the land, buildings, and machinery.

Remainder Beneficiary

Person(s) or entity(ies) that receive(s) the remaining assets from a trust when its controlling terms have been met or its term of years for existence has come to an end.

Revocable

Donor retains the right to change their mind and write the charity out of their estate plan or gift plan.

Split Interest Gifts

Gifts, usually property or business interests, wherein the donor makes a partial gift of an asset to charity while retaining a partial interest in it. Because the donor retains some portion of the assets or the income from the assets, the term “split interest gift” is derived. Splitting the interest creates a problem in determining the value of the portion given to charity (gift portion) and the value of the portion which was kept (retained interest).

Testamentary

At death.

Testate

Dying with a valid Will.

Trustee

Party legally responsible for carrying out the terms and performance of a trust.

Will

A legal instrument disposing of a person’s property at the time of his or her death.

Bequests (Gifts by Will)

A charitable bequest may be specified by a Will. This saves estate taxes and is very simple. Nearly 60% of Americans do not have a Will and it is absolutely one of the best gifts you can leave your heirs. The most common gifts to non-profits are cash, securities and real property including homes and personal property.

While not widely used, gifts by Will are a major part of American philanthropic tradition. Gifts by will enable a person to make significant contributions that may not have been possible during one's lifetime.

Bequests are usually stated in one of the following ways:

A specific amount, as in "I give, bequeath and devise the sum of \$____" to Women's Foundation of Arkansas...";

A percentage among, as in "...10% of my estate to Women's Foundation of Arkansas";

A remainder amount (or residue), as in "After all specific bequests have been paid, I give, bequeath and devise the remainder of my estate....."

A contingent bequest (a provision in a Will, trust or estate plan that allocates a gift to a designated non-profit as an alternative to a higher priority bequest or condition to be met), as in "in the event that _____ predeceases me, I give the Women's Foundation of Arkansas ____% of the residue

Insurance

A charitable gift of proceeds from an insurance policy involves simply naming Women's Foundation of Arkansas as a beneficiary. These gifts can be made with part or all of the proceeds, and the charitable beneficiary may be primary, secondary, or contingent. Donor receives an estate tax deduction.

If the donor wants to make the gift irrevocable, the donor may give ownership of the policy to the Foundation while the donor is living. The donor's income tax deduction will then approximate the cash value of the gifted policy.

A donor may also name Women's Foundation of Arkansas as a successor beneficiary to receive the proceeds should the primary beneficiary(ies) no longer be living.

Retirement Plan Assets

Qualified retirement plan benefits represent a major portion of the average person's estate and, due to special tax considerations that apply to these, they make an excellent choice for funding a testamentary charitable gift.

Recognizing that undistributed assets in qualified retirement plans can be subject to both the estate tax and an income tax when left to heirs other than a surviving spouse, more and more donors are choosing to designate undistributed assets in these plans to a non-profit such as Women's Foundation of Arkansas while leaving assets subject only to the estate tax to their heirs.

Charitable Remainder Trust

This is an irrevocable trust that pays a specified annual amount to one or more people for a fixed period of years (often the life of the individual). At the end of the term of the trust, the remaining trust assets are distributed to the charity.

Charitable Remainder Unitrust pays out a fixed percentage of the trust value each year as determined and stated in the trust document. The value of the unitrust is recalculated annually to determine the current payout.

The Need

A person may have property or their assets that have greatly appreciated in value over time. This creates a capital gains tax that must be paid if the person sells the property. In addition, a person may have property that is producing no income (i.e. land or stock that pays no dividends) and they need or would enjoy having some extra income.

The Solution

The donor can put the asset into a unitrust. This is an irrevocable arrangement. The trust sells the asset and reinvests in income producing assets. The trust then pays a percentage of the value of the trust each year to the donor for life or a term of years. At the end of the donor's life or the term of years, the remaining assets go to the Women's Foundation of Arkansas. Note that the amount received each year will fluctuate.

The Benefit

Avoids the capital gains tax completely and