



ABC  recovery center
planned giving

let's grow hope

leaving a Legacy

The clients and families of ABC Recovery Center are going to need support far into the future.

ABC Recovery Center is in the process of initiating a planned giving program. To our knowledge, ABC Recovery Center is not currently in the estate plans of anyone in our community. We'd like to identify someone who ABC Recovery Center has touched in a meaningful way, and who would consider providing our inaugural planned gift. Should the gift exceed \$250,000, we'd like to name our planned giving program in their honor.

Planned giving is also referred to as gift planning or legacy giving. It enables philanthropic individuals to make larger gifts to charitable organizations than they could make from ordinary income. Some planned gifts provide life-long income for the donor. Other gift plans use estate and tax planning to provide for charity and heirs in ways that maximize the gift and/or minimize its impact on the donor's estate.

Thus, by definition, a planned gift is any major gift made during life or at death as part of a donor's overall financial and/or estate planning. Whether a donor uses cash, appreciated securities, stock, real estate, personal property, life insurance, a retirement account, annuities, etc., the benefits of funding a planned gift can make this type of charitable giving very attractive to both donor and charity.

We are happy to share how it might be possible for you to consider a planned gift as a method to your philanthropic giving, and in doing so, demonstrate how your legacy could enable our mission, far into the future.

Who's in?



This literature is meant to be informative. Nothing presented in this literature is meant to be legal or tax advice. Estate Planning changes and/or significant gifts may have legal and tax consequences. Therefore, ABC Recovery Center strongly encourages each individual and family to consult with their attorney and tax preparer prior to making any significant gifts or changes to their Estate Plan.

Some of the simplest accommodations to growing



Planned gifts represent a significant fundraising upside—they are often 200 to 300 percent larger than annual gifts

LIFE INSURANCE

A philanthropic gift of *life insurance* could be right for you if you would like to make a gift of significant impact, and, that the gift amount might exceed what you could consider in the immediate future or in the rest of your lifetime.

Think about the size of the gift you'd like to make; \$10,000, \$50,000, \$100,000. Think about what that monthly payment on a life insurance policy might be. Would you be willing to make that payment of \$10, \$20, \$50 dollars a month so that ABC Recovery Center could one day be the beneficiary of your policy?

Or, you may have purchased a life insurance policy years ago when you wanted to protect your family from financial hardship in case of your untimely passing. Now that your children are grown and independent, your mortgage is paid off, and you have accumulated sufficient assets in your estate to pass on to your family, you may no longer need your life insurance policy for its financial protection.

If this is your situation, consider making a gift of your life insurance policy to ABC Recovery Center. The value of your policy can provide generous support to our mission without affecting your cash flow.

Or a consideration may be giving a paid-up life insurance policy. A paid-up life insurance policy is a policy that will stay in force without any additional premium payments. A paid-up life insurance policy is a valuable asset and makes an excellent gift. When you give your paid-up insurance policy to ABC Recovery Center, we will either cash in the policy immediately and use the proceeds or maintain the policy until maturity and receive the death benefit of the policy.

Because this kind of gift is irrevocable, you will receive an income tax charitable deduction to the extent allowed by tax law, for the value of your gift at the time you transfer your policy to us, providing tax savings if you itemize. You will also remove your insurance from your estate, potentially saving estate taxes, as well.

In order to make your gift, you must assign ABC Recovery Center all ownership rights to your policy and make ABC Recovery Center the irrevocable designated beneficiary of the policy. Usually this can be accomplished by completing a simple form from your insurance provider. There are some specifics about the type of policy you may wish to gift and how you may wish to gift it. We are happy to discuss those options with you so that your intentions can be realized, and our future clients and their families will benefit from your philanthropy.

Make a gift of publicly-traded securities to ABC Recovery Center and potentially save income tax and capital gains tax, too.

A gift of *publicly-traded securities* could be right for you if:

- You own publicly-traded securities that you have owned for at least one year
- Some of these securities have increased in value since you bought them
- Some of these securities may provide you with little or no income

How it works

- You transfer shares of one or more publicly-traded securities, such as stock, bonds, and mutual funds, to ABC Recovery Center
- The two most common ways to give publicly-traded securities are to make an outright gift of your securities or to make a gift of your securities and receive payments for life.
- You must inform ABC Recovery Center when you're making this sort of gift.

Publicly-traded securities are stocks, bonds, and other investment vehicles whose values are readily available from an established securities market. For example, stocks listed on the New York or NASDAQ stock exchanges are publicly-traded securities.

Although mutual funds are sold by individual mutual fund companies rather than on an exchange, the same charitable contribution rules apply to mutual fund shares as to shares of publicly-traded securities. Gifts of mutual funds have the same tax benefits as gifts of individual securities.

You can save income tax *and* capital gains tax when you give shares of a publicly-traded security that you have owned for a year or more.

If you have held your securities for more than one year, and provided you itemize, you may deduct from your taxable income the full fair market value of your shares as of the date of your donation, regardless of what you paid for them. Your deduction is limited to 30% of your adjusted gross income. You may, however, carry forward any unused portion of your deduction for up to five additional years.

When you donate publicly-traded securities that have increased in value, and you have owned the securities for more than one year, you do not have to report any of your capital gain in the securities. If you were to sell these securities yourself, you would owe capital gains tax on the difference between the sale price and the amount you paid for them.

You should give your securities directly to ABC Recovery Center if you have held them for more than one year and they have appreciated in value. This way, you will avoid paying tax on any capital gain you have in your securities. If you sell your securities first and then give us the proceeds, you will have to pay capital gains tax on all of your capital gain, an unnecessary and potentially substantial cost to you.

When you make a charitable gift of cash, you get an income tax charitable deduction only. When you make a charitable gift of the same value with appreciated stock, you get the same income tax charitable deduction, *and* you avoid capital gains tax on all of your capital gain. The more highly appreciated your security, the more capital gains tax you will avoid.

There may be other considerations in giving stock and securities depending on your individual financial situation. Should you wish to have a professional assist, we are happy to make a referral for you.

A charitable gift from your estate is a method of giving that enables you to achieve your financial goals and benefit ABC Recovery Center. No other planned gift is as simple to make or as easy to change should you ever need to.

Remembering ABC Recovery Center in your will is a wonderful way for you to make a lasting gift. Large or small, your bequest will make an important contribution to ABC Recovery Center's long-term strength and ability to carry on with its activities in the future.

But what if you don't have a will or living trust? You are not alone. Most Americans don't have a will. If you die without a will, the laws of your state will decide how your estate is divided. Typically, the probate court will divide your estate among your closest surviving family members according to a formula, and none of your estate can go to ABC Recovery Center or any other charity. If you wish to have a say in how your estate is distributed, you must have a will or living trust. We encourage you to work with an experienced attorney to create a will or living trust that accomplishes your goals for your estate.

There are several ways that you can define the amount of your charitable gift to ABC Recovery Center. They are:

- A gift of a specific amount of cash
- A gift of a specific item or items. This could be something of value such as artwork, real estate or other real property of value
- Or, as already shared, as a beneficiary of an insurance policy or of stock or annuities.

A gift that will be made only if one or more conditions are met. For example, you give \$25,000 provided your spouse does not survive you and, a gift that will be made from the remainder of your estate once all other bequests, debts, and taxes have been paid. For example, you give 25% of the remainder of your estate. Often called a "residuary bequest," this approach assures maximum flexibility for your executor in the administration of your estate.

You have several options for sharing with ABC Recovery Center how we may use your bequest once we receive it. They are:

- An unrestricted bequest – This is a gift for our general purposes. This can be the most useful kind of gift because it allows us to put your gift to work in the area where it's needed most.
- A restricted bequest – This is a gift for a specific use, such as a special project or program area that is most important to you. It is best for you to consult with us before placing restrictions on your bequest to be sure we can carry out your wishes.
- An endowed bequest – This is a gift where our organization invests your donation along with the rest of our endowment. We distribute these funds in accordance with our endowment spending policy. This approach assures that your gift will continue to benefit us long after you're gone. An endowed bequest can be restricted or unrestricted.

It is very important that your bequest be accurately and clearly described in your estate plan so that we can carry out your wishes as you intended. We are pleased to consult with you regarding the terms of your bequest to make sure that we will be able to carry out your intentions. In order to avoid any possible question that your bequest is to our organization, be sure to include our full legal name and our federal tax identification number in your bequest.

There are many other options available to you to make a planned gift and to leave a legacy of your own to the charity, or charities that are closest to you. Should you wish to speak to a professional for assistance, we can provide a referral for you.*

The ways of giving that we have shared are the most common. Ninety percent of planned gifts last year throughout the country, were bequests. Should you wish to consider any of these options, please let us know so that we can lend our support and guidance should you wish to have it.

A planned gift expresses who you are and what matters in your life. It is a declaration of your beliefs, values, and interests. Therefore, ABC Recovery Center would be honored to name our Planned Giving Program after our first documented planned gift of \$250,000 or greater. And, to have this gift be the catalyst for additional planned giving.

Thanks so much for all you might consider by way of providing for the hundreds of clients and their families who seek our services each year. Each of them will be appreciative of your shared legacy, and what it will mean to their and our futures.

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**Please note that tax and gift laws change often. What we have included in this presentation is subject to change.*

What we plan(t) now, will come to fruition later

