

Best Practices

TRF Fund Development

Voices
from the
Field

Examples of Major Gifts to TRF

- 1. Dan would like his sister and TRF to each receive \$100,000 after his death. He owns \$100,000 of stock with a cost basis of \$20,000, and he has \$100,000 in an **IRA**. He should give \$100,000 of stock to his sister and give the \$100,000 IRA to TRF.
- 2. George and Mary have \$250,000 in appreciated stock. They need no income. They donate the stock to TRF in return for a charitable annuity whose annual income pays the insurance premium for a life insurance policy for \$250,000 whose proceeds will be divided among their children.
- 3. Sally and Ron have a summer home that neither they nor their children utilize. They donate the **property** to a trust established at TRF and receive annual income they can use for their retirement or pay the premiums for a life insurance policy that will replace for their children the value of the property that they gave to TRF.
- 4. Martha, 75, and husband, Bob, 75, plan to purchase a \$25,000 **gift annuity** from TRF. They will receive annual payments of \$1,575, with \$890 coded as a tax-free return of principal. Plus they will qualify for a charitable income-tax deduction of \$10,386.00. Be aware that the payments and tax-deduction are established by rates in force at the time of the gift.
- 5. Alex, age 60, a successful professional, has decided to contribute \$50,000 of appreciated stock to TRF for a **deferred gift annuity** that will begin paying him at age 65. His gift generates a charitable income-tax deduction of \$29,032.50 and he will receive an annual annuity of 5,350.00 via quarterly payments each year beginning at his age 65.
- 6. Helen, age 80, is a **widow** and is dismayed that her certificate of deposit worth \$80,000 is earning only 5.5%. She learned that she could support TRF by establishing a charitable gift annuity that will generate quarterly payments of \$1,600 -- \$6,400 annually -- \$2,000 more per year than her CD investment. But the difference is even greater. Because only \$2,310.40 of her annual payment is taxable, Helen will see even more after-tax income. In addition, the gift annuity will produce an income-tax deduction of \$41,543.20, that at her 28% bracket will save an additional \$10,000 in taxes which in turn could be reinvested for even more cash flow.
- 7. Ron and Sarah are impressed with Rotary's commitment to World Peace and Conflict-Resolution. They have donated \$60,000 in appreciated stock that will fund a **scholarship for a World Peace Scholar**.
- 8. Richard is the CEO of a major corporation who has served on the Boards of other publicly-held companies. He has significant stock holdings which he plans to give to TRF in order to **endow a World Peace Scholar** (\$1,200,000).

