



visions IN PERSONAL PLANNING

There are flexible and creative ways to support the Zeta Beta Tau Foundation

- Gifts that make an impact today
- Gifts that make an impact tomorrow
- The IRA charitable rollover

spring 2011

Focused Philanthropy: Meeting Your Personal Goals

Friends of the Zeta Beta Tau Foundation have a wide variety of personal experience and philanthropic goals. What they all share is a desire to make a difference. They share a heartfelt intention to support Zeta Beta Tau and help those we serve.

In this issue of *Visions*, we explore ideas to bring focus to your philanthropic goals. These ideas highlight gift options that can both significantly impact our work and allow you to meet your personal planning goals. In addition, these options can complement plans you currently have in place to provide for you and your family.

Thank you for taking time to consider these strategies to create a personal philanthropic legacy. If you would like more information, please use the enclosed reply card or contact us by phone or e-mail to request *Smart Personal Planning—Strategies for Today and Tomorrow*. This helpful brochure provides details about the benefits of various gift options. As always, we are happy to help you explore opportunities to support the Zeta Beta Tau Foundation.

Cordially, Fraternally and Sincerely,
Faron A. Lewitt
Executive Director

ZETA BETA TAU
FOUNDATION

Make an Impact Today

If you want to support our work, it's good to know there are options. With some foresight, your gift can maximize both the impact you make and the satisfaction you experience from giving. From simple outright gifts to more sophisticated arrangements, there is great flexibility in setting up a gift that meets your specific personal goals and needs. These include gifts that have an immediate impact with the added advantage that they are easy gifts to complete.

A gift of cash: All gifts, small and large, are important to our organization. If you want to make a difference today and the timing is right for you, writing a check is the simplest way to complete a gift. Of course, we will acknowledge your tax-deductible gift with the proper documentation in a timely manner. If you would like information about specific services, programs, or initiatives you can support, just contact us directly. We will answer your questions and take steps to be certain your gift is used as you desire.

A gift of stock: A gift of stock requires, perhaps, a bit more work than writing a check (but not much). And you can realize an additional benefit by giving shares of stock. Here is why. If you give appreciated stock held more than one year, you are eligible for a tax deduction equal to the fair market value of the stock on the date when the gift is made, and *you pay no capital gains tax* on the appreciation amount.

Example: Carol would like to give \$5,000 to support our work. Carol could write a check to our organization and qualify for a \$5,000 income tax deduction at tax time. But Carol also owns stock in XYZ corporation that she purchased 8 years ago for \$2,500. It is now valued at \$5,000. If she gives us the XYZ stock, Carol owes no capital gains tax on the \$2,500 increase in the stock's value, and she still qualifies for a \$5,000 income tax deduction. Avoiding the capital gains tax means avoiding a tax that could have cost Carol 15% of \$2,500, or \$375 if she sold the stock.

If you are interested in making a gift of appreciated stock, please let us know. Remember that the effective date for a gift of stock is the date it is transferred to us. We are happy to provide more details about how to execute the transfer if you consider this type of gift.

Gifts of other assets: There are many kinds of property that can provide a great gift to charity. Each kind of gift has its own set of advantages. Consider whether such gifts might work in your situation:

When **real estate** (long-term appreciated property) is given to us, capital gains taxes can be completely avoided and the full fair market value of the property is deductible as a charitable contribution. Contact us for more information about the kinds of property we can accept and how we complete a gift of real estate.

A gift of **life insurance** is a meaningful gift that is easy to execute, though too often overlooked by donors as an option. When you give a life insurance policy to us, you can deduct as a charitable contribution the current value of the policy (or the net cost of the policy, if that amount is less). Your insurance advisor can help you complete the gift—it is as easy as completing a transfer-of-ownership form. Any future premium payments you pay (after transferring ownership) are also deductible. If you do not intend to keep making premium payments, we can surrender the policy for its current cash value and put the funds to work immediately.

If you are an owner of a closely held business, a gift of **closely held stock** can present a unique opportunity. The fair market value



of the stock is deductible as a charitable contribution, and there is no capital gains tax. Later, we can choose to sell the stock to your corporation and the corporation can retire it. This gift requires careful planning and the help of your financial advisors, but it can be particularly rewarding in the right circumstances.

Make an Impact Tomorrow

The desire to help others seems to be innate. Given the opportunity, the friends and supporters of our organization willingly reach out when they see a need and have a way to contribute. One of the most rewarding aspects of planned giving is that sometimes there are creative ways to give that allow you to have a greater impact than you may have thought possible. Here are a few examples of planned giving arrangements that might interest you:

The charitable remainder trust: A charitable remainder trust is a trust that invests the initial gift to create income for a designated beneficiary or beneficiaries. Eventually, what remains in the trust when the trust term ends (that's the "remainder") goes to the named charity. Here are the pertinent details:

- *You name the income beneficiaries:* There is great flexibility here. As long as the trust is designed to leave at least 10% of its original value to charity, the number and ages of the beneficiaries can vary.
- *You fix the amount to be paid each year:* the annual payout has to be at least 5%. And a higher payout generally reduces the charitable deduction for the gift.
- *You decide* whether income to the beneficiaries will be paid over a lifetime or for a specific number of years (up to 20).
- *You choose how to fund the trust* (cash, appreciated stock, other property).
- *You select the acting trustee and the charitable beneficiary.* More than one charity could be selected.

We are happy to discuss with you and your advisors how a charitable remainder trust could work as your choice for a planned gift.

Find the right fit

Charitable giving can play an important role in helping you meet personal goals. If you are interested in supporting our work, there is a gift option that is the right fit for your planning needs. Please contact us if we can help you explore these options.



The charitable bequest:

Considered a mainstay of planned giving, the bequest (giving through a last will and testament) allows a donor to plan ahead to leave a meaningful gift. Of course, a charitable bequest included in your will does not cost anything today. And if your charitable goals or financial needs change at any time in the future, you can easily amend your will with the help of your attorney.

A remainder interest in real

estate: As mentioned earlier, a gift of real estate can be an effective and meaningful gift for today. But real estate can also be a gift that helps us some time in the future if that better suits your needs. With the gift of a remainder interest in your home or farm, you can retain the right to occupy the property for the rest of your life. Only afterwards does the property pass to us. The current advantage is that you benefit from an immediate charitable deduction today, based on the value of our remainder interest in the property.

IMPORTANT NOTE: NEW LAW MAY AFFECT YOUR PLANNING

In December 2010, Congress passed a new law that has a great impact on individuals. Important parts of the new law include:

- Ordinary income tax rates remain in place through 2012
- Capital gains and qualified dividend tax rates remain in place through 2012.
- The alternative minimum tax exemption is set higher for 2011.
- Taxpayers can choose to deduct state sales tax instead of income tax in 2011.
- The newly unified gift and estate tax rate is 35% and the exclusion amount has been increased for 2011 and 2012. The generation skipping transfer tax is restored as well.
- The exclusion amount not used by an estate can be passed over to the surviving spouse.

The law is scheduled to change again in the next year or two. Keep in touch with your tax advisors to stay aware of how the law affects your planning.

IRA CHARITABLE ROLLOVER Your required minimum distribution can be a gift.

Donors age 70½ and over have a smart giving option in 2011—the IRA Charitable Rollover. A simple one-step distribution from your IRA to us is all it takes. It counts toward your yearly required minimum distribution (RMD). Plus, it is not counted as income for federal tax purposes.

The entire distribution goes to support our work—none of the money is lost to taxes (which you would need to pay, otherwise). It is a smart and beneficial way to use the 2011 distribution you are required to take. Contact us for more information about this unique way to make a difference. (Under current law, the IRA charitable rollover is only available to the end of the year.)

Your Goals Are Important

This newsletter presents some of the options for integrating your personal planning needs with your philanthropic endeavors. It's possible for a single gift to meet multiple goals. In other cases, you may decide to implement more than one planning option in your overall strategy to meet your objectives. As you consider your next steps, it may be helpful to have on hand our informative brochure, *Smart Personal Planning—Strategies for Today and Tomorrow*. Just contact us or send in the enclosed card to receive a complimentary copy. As always, if we can provide assistance to you and your advisors, please let us know. And thank you for thinking of the Zeta Beta Tau Foundation as you make your plans.

ZETA BETATAU FOUNDATION

Zeta Beta Tau Foundation, Inc.
3905 Vincennes Road, Suite 100
Indianapolis, Indiana 46268

Contact: Faron A. Lewitt, Executive Director
Phone: 317-334-1898
Fax: 317-334-1899
E-mail: faron@zbtnational.org
Website: www.zbt.org

This publication is designed to provide accurate information in regard to the subject matter covered. It is sent out with the understanding that neither the publisher nor any distributor is engaged in rendering legal, accounting, investment or other professional services. If such services are required, the advice of competent professionals should be sought.