



visions IN PERSONAL PLANNING

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Spring 2018

A Recipe for Giving

A food trend is sweeping the country and today's "foodies" are having a heyday—growing vegetables, shopping at farmer's markets, cooking and, of course, savoring the results.

This food craze has led to a number of unexpected options—from orange cauliflower and mangosteen to ancient grains and artisanal sausage. Without a doubt, chef-worthy meals rely on fresh ingredients and timing. Novice cooks lean heavily on fool-proof recipes, while experienced cooks know how to improvise and make

adjustments. Master Chefs recognize the nuances necessary to create original dishes that surprise even the most sophisticated diner.

In this *Visions*, we speak to first-time donors and "giving aficionados" alike. We look at a variety of ingredients that can work well within a personal recipe for gift planning, whether you're setting out to achieve basic goals or implementing sophisticated planning approaches designed to meet complex needs. If you would like to know more about prudent and practical ways to meet your charitable goals, contact us by phone or email, or return the enclosed card. Be sure to ask for our free brochure, *Make Gift Planning Work for You*, which is designed to help you compare giving options.

Thank you for your thoughtfulness and generosity.

Cordially, Fraternally and Sincerely,
Faron A. Lewitt



The City of Light Trust recognizes and honors those who have made deferred gifts, whether revocable or irrevocable, to the Foundation, including, but not limited to, trusts, bequests, gifts of life insurance, and annuities. Membership is open to all ZBT alumni, parents, staff, and friends.

To inform us of your membership in the City of Light Trust, please contact the Zeta Beta Tau Foundation's Chief Executive Officer, Faron A. Lewitt at 317-506-7066 or at faron@zbtnational.org.

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The New Tax Law and Charitable Giving

The *Tax Cuts and Jobs Act* signed by President Trump cuts tax rates. How those tax cuts play out, however, depends on family size, available deductions, and income. Here are the most notable considerations that will affect personal planning as the bill takes effect in 2018.

Read more

- The standard deduction increases substantially. Fewer people will itemize their taxes, and taxpayers using the new standard deduction will enjoy a deduction that is equal to or greater than deductions they would be eligible for if they itemized. The result? Taxpayers can still realize charitable giving goals and some donors will have even more discretionary funds available for planning.
- Gifts of retirement assets (including charitable distributions from an IRA for those age 70½ or over) and life-income gifts (charitable gift annuities and charitable remainder trusts) remain as particularly attractive charitable giving options.
- The 3.8% net investment income tax remains in effect for high-income taxpayers, which means strategic charitable giving continues to be important for these taxpayers.
- The alternative minimum tax (AMT) remains, but with a higher exclusion amount.
- Corporate income tax rates are significantly reduced and certain pass-through corporations will also enjoy a tax reduction.

Please let us know how we might help you and your advisors explore charitable strategies under the new law. Your continued support for our mission makes a lasting difference for everyone we serve, and it is our privilege to help you shape a personal philanthropic legacy.

The Right Ingredients

Planning a gift begins with a desire to support our mission and an exploration of the many options that are available for reaching personal planning goals. Every gift matters, and each gift plays an important role in helping us help others. When we join forces, we make a difference through programs and services that are possible only because we are working together.

Once you've decided to partner with us and support our work, the next step is to consider how your gift will come together. Sometimes, the "gift recipe" is simple. In other cases, like the Master Chef, we must consider additional "nuances" in the mix.

First steps

The easiest way to make a gift is by writing a check or charging a gift to a credit card. These gifts require a minimal amount of advanced planning, are quickly completed, and qualify for a tax deduction in the year they are made if you itemize. Cash gifts also provide immediate support for our work, allowing you to make a difference right away and enjoy seeing your generosity in action.

Another option that fits most basic planning needs is to make a gift in your will or trust. When you create or amend your will or trust (you do not need to write an entirely new will if you already have one), you can designate a gift to our organization. There are two distinct benefits to these gifts:

- Gift assets—whether cash or stock or other property—remain in your control, available to meet personal needs throughout your lifetime.
- You can change the gift arrangement by updating your will or trust. If your goals or family needs change, you can cancel or amend your gift.

One more simple but effective way to plan a gift is to name us as the beneficiary of a life insurance policy or a retirement account. As a primary beneficiary, we are first in line to receive benefits. If you name us as a contingent or secondary beneficiary, we receive benefits only if the primary beneficiary cannot. Like a gift in your will or trust, you can easily change this type of gift throughout your lifetime, and you maintain control of all gift assets. Changing or designating a beneficiary is a simple process; your agent or account administrator can provide the required form.

Making more of your gift

For many of our friends, moving beyond the “basic” gift planning options makes it possible to experience even greater personal

benefits. For example, if you own appreciated stock, you may find that this makes a much more advantageous gift than cash. A gift of appreciated stock provides two attractive tax benefits:

- There is no capital gains tax due on the appreciated amount.
- It qualifies for an itemized tax deduction for the full amount of the gift.

EXAMPLE: Charles makes a gift of stock valued at \$30,000. He bought the stock ten years ago for \$10,000. The gift qualifies for an itemized deduction of \$30,000, and no capital gains tax is due on the \$20,000 appreciation amount. In his 35% tax bracket, the tax deduction reduces Charles’s tax bill by \$10,500.

Another option for making more of your personal philanthropy is to make a life income gift, such as a charitable gift annuity or charitable remainder trust. Of these two options, a charitable gift annuity is easier to set up.

With a charitable gift annuity, in exchange for your gift, we will pay a fixed lifetime income to you

(or to you and/or someone else—two people maximum). Your gift qualifies for a tax deduction based on what we will receive when the lifetime payments are completed. Charitable gift annuities are a unique way to meet important charitable goals and provide lifetime income for yourself.

EXAMPLE: Dawn, age 55, makes a gift of \$20,000 to set up a charitable gift annuity. She defers the start of her lifetime payments until age 65 (deferring payments provides a higher payment rate than if she begins payments immediately). She will receive annual payments of \$1,220 every year for the rest of her life, beginning at age 65. In addition, if Dawn itemizes her taxes, the gift qualifies for a deduction this year of \$8,089 (based on an applicable federal rate of 2.4%).

Consider a charitable remainder trust if you want to meet more complex goals (such as providing income for more than two people) or need more flexibility in designing and funding your gift. Contact us for more information.

Note: All examples are for illustrative purposes only.

A GIFT FROM YOUR IRA

If you are 70 ½ or over and must take required minimum distributions (RMDs) from your IRA, a charitable distribution from your IRA directly to us counts toward your RMD (maximum \$100,000) *and no tax is due*. It’s a smart way to give—contact us to learn more!





THE RIGHT INGREDIENTS FOR GIVING

- Ask probing questions of your personal advisors and gift planning professionals.
- Get all the information you need—nothing is too trivial.
- Expect sound answers and strong data.
- Consider how the gift can create a double benefit—for us and for you.

Explore and Imagine

It is a mistake to assume that gift and estate planning are only for the very successful and the extremely wealthy. There are many gift planning options that fit a wide variety of individual circumstances. The tax advantages and personal satisfaction associated with charitable giving are available to all donors.

Tax benefits are not to be overlooked, of course, but there are many other advantages and opportunities that you may want to consider along the way. Sometimes, an outright gift of cash or property is the best option, but just as often, meaningful and fruitful gifts are planned today and completed years later. When planning a gift, examine all possible options to find optimal ways to meet personal and charitable giving goals, both now and in the future. Please let us know if we can help in any way.

Enjoying the Results

A good recipe brings satisfaction to everyone—the cook who prepares the dish and those who savor the results. Likewise, a well-planned gift is satisfying and rewarding to donors and to Zeta Beta Tau. Partnering with us expands opportunities to help others in unique and important ways.

It would be our pleasure to provide additional information about gift planning and to work with you to identify the ingredients you may want to include. Please contact us by phone or email, or return the enclosed card. Be sure to ask for our free brochure, *Make Gift Planning Work for You*. We appreciate your generosity, and we welcome the opportunity to work together.

ZETA BETATAU FOUNDATION

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