



visions in personal planning

SIMPLE STEPS MAKE A DIFFERENCE. THERE ARE MANY WAYS TO LEAVE A LASTING PHILANTHROPIC FOOTPRINT.

FALL 2018

Your Philanthropic Footprint

Personal philanthropy comes in all sizes and shapes. For volunteers, philanthropy means making substantial investments of time and treasure. For annual givers, it means committed, long-term financial support for specific campaigns or programs. Many of our loyal champions support ZBT with planned gifts that meet specific goals, and some combine multiple giving strategies as a way to give back and fulfill philanthropic intentions.

This issue of *Visions* looks at some of the simple steps our donors can take to make a difference

at ZBT. There are many ways to leave a lasting philanthropic footprint, and by knowing your options, you can be assured that “how you give” is exactly the right fit for your personal planning and philanthropic goals.

You may have questions about specific gift ideas or you may want to explore the ways your gift could be used. It is always our pleasure to answer your questions or to help in any way we can. Feel free to call, email or use the enclosed card to contact us. Be sure to ask for our free brochure—*10 Year-End Taxpayer Strategies*. It provides information that can be helpful as you prepare for the tax season and think about year-end gift planning ideas.

Every gift matters—for you and for us. Thank you for considering some of the many ways you can support ZBT and the work of the Zeta Beta Tau Foundation.

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.

ZETA BETA TAU

F O U N D A T I O N



A Right Fit

There are many options to examine when choosing a charitable gift. What is the best way to make my gift? How should timing affect my decision? How does philanthropy fit into my personal planning goals? What should my legacy be? It's important to think about what you want to accomplish and to choose a gift that is the right fit for you and your family.

Make a gift that provides lifetime income for you or someone else

A charitable gift annuity is a unique and meaningful way to impact our work while providing supplementary income to you or someone else. There are many good reasons to consider a charitable gift annuity, but one of the most compelling is that rates today are better than ever because **fixed lifetime payout rates increased in 2018!** Donors who establish a gift annuity today will benefit from a higher rate. Over a lifetime of payments, income will be substantially increased. As you consider options for supporting us, keep these charitable gift annuity benefits in mind.

Sample charitable gift annuity rates for one person

AGE	65	70	75	80	85	90
RATE	5.1%	5.6%	6.2%	7.3%	8.3%	9.5%

Rates effective July 1, 2018. Contact us to verify current rates.

Give and receive: Charitable gift annuities are gifts that give back. In exchange for your gift, our organization promises to pay a fixed lifetime income to whomever you designate as the income beneficiary. If two income beneficiaries are named, (two is the maximum), the payment rate is lower but the lifetime payments continue as long as either income beneficiary lives.

Choose when payments begin:

In addition to the option of naming one or two income beneficiaries, you can choose to begin lifetime payments immediately or defer income to a specific time in the future. For example, if you are in the midst of your career and do not want additional income, you can make a gift and elect to begin payments at a later date. Deferring payments also comes with an additional benefit—an increased payout rate for the life of the beneficiary.

A tax deduction: Your gift qualifies for an immediate tax deduction based on the amount we are expected to receive when the payout period ends. The amount of the deduction depends on the amount of the gift, when payments begin, and the age of the annuitant(s). We can provide an illustration showing the payment amount and tax information based on specific gift amounts. Simply let us know what you are considering and we will be happy to provide you with specific information.

Your gift need not be cash:

Although many donors use cash, appreciated property such as stock can also be used to fund a gift annuity. There can be advantages to using appreciated stock rather than

cash to establish a gift annuity, particularly with regard to capital gains tax that would otherwise be due when the stock is sold. The options are worth exploring.

EXAMPLE: Jan, age 78, learns that she can honor a friend and receive lifetime income from her charitable gift. She chooses to set up a charitable gift annuity with a gift of \$25,000. Jan will receive annual payments of \$1,700 beginning immediately—a 6.8% payment rate. The payments are fixed and will continue for the rest of her life. The gift qualifies for a charitable deduction of \$12,173 this year. Jan is grateful to be able to honor her friend, support our work, and benefit personally from a fixed lifetime income. (Example for illustrative purposes, AFR 3.4 %.)

Appreciated stock gifts: value for you and for us

A gift of stock provides added value to donors and helpful, timely support for our mission. In addition to making a significant impact on our work, a carefully planned gift of stock can:

- eliminate or reduce capital gains taxes
- generate a significant income tax charitable deduction for those who itemize
- provide a tax-wise way to meet philanthropic goals

More about the additional tax benefit: Donors will reduce or even totally avoid capital gains tax on the appreciated stock that is given to us, and itemizers can still take an income tax charitable deduction based on the stock's full fair market value.



Here is how it works. Suppose Emma wants to make a \$20,000 gift to our organization. She is considering whether to write a check for \$20,000 or give us stock currently valued at \$20,000 that she purchased for \$10,000 several years ago.

With either gift option, Emma is eligible for an income tax charitable deduction of \$20,000 on her federal income tax return (subject to some limitations). However, if she gives the stock, she also avoids paying capital gains tax on the \$10,000 appreciation. In her tax bracket, if Emma sold the stock, she would pay a capital gains tax of 15%—a tax bill of \$1,500 ($\$10,000 \times 15\%$). If Emma gives us the stock, the full \$20,000 supports our work. Plus, Emma can still deduct the full \$20,000 on her federal income tax return, even though the \$10,000 gain has never been taxed. In her 35% tax bracket, the deduction cuts her tax bill by \$7,000.

Note: To avoid the capital gains tax on a gift of appreciated stock, the stock must be transferred directly to us. If you sell the stock and then make a gift of cash, you still pay capital gains tax on the appreciation. Contact us for more information.

Timing your gifts

Because the standard deduction increased significantly under the new tax law passed in December 2017, fewer people will itemize on their federal returns. Those who want to make the most of their charitable deductions may find it makes sense to “bunch” donations into a single tax year. By increasing deductions in this way, donors can reach the threshold amount required to take a deduction that exceeds the standard deduction available. This lets donors benefit from taking the standard deduction in some years and itemizing in other years.





Your Path to a Meaningful Philanthropic Footprint

Nearly everyone wants to leave a philanthropic legacy—concrete expression of our values through continuity of the institutions we care about. The generosity of our friends and supporters plays a vital role in our work. All gifts—small, large, and in-between—have a significant impact on our mission. All are important. All are valued. As you consider your year-end goals, remember it would be our pleasure to work with you and your financial advisors to consider the many ways philanthropy can be used to meet your personal planning objectives. Contact us if we can help you in any way, and please request our free brochure, *10 Year-End Taxpayer Strategies*.

ZETA BETA TAU FOUNDATION

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A GIFT FROM YOUR IRA

IRA owners age 70½ or over can use their IRAs to make gifts that count toward their required minimum distribution (RMD) *and avoid all income tax on the distribution*.

The 2017 tax law increased the standard deduction, which means fewer people will benefit from itemizing on their tax returns. However, those who can make a charitable gift directly from their IRA benefit by avoiding the tax on the charitable distribution, regardless of whether or not they itemize. It's a tax-wise way to give—you satisfy the RMD rule without paying any taxes on the distribution. To make a tax-free charitable distribution from your IRA:

- You must be 70½ or over.
- You must instruct your IRA custodian to make a distribution **directly** to ZBT. (We can provide transfer instructions for your gift—just contact us.)

Up to \$100,000 of your gift qualifies for this favorable tax treatment. You make an immediate impact—there is no need to wait until the end of the year!