



A guide to

PLANNED GIVING

A Guide to Tax-Wise Giving Strategies
Compliments of Providence St. Jude Memorial Foundation

WHAT IS PLANNED GIVING?

The integration of personal, financial and estate planning goals using tax-wise charitable giving strategies with benefits to the donor.

Annual Giving

An on-going show of financial support that help fund the current programs and priorities at Providence St. Jude Memorial Foundation

Planned Giving

A way to establish a legacy and leave assets to Providence St. Jude Memorial Foundation that provide current and future benefits

Blended Gifts

A combination of annual and planned gifts

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Common types of planned gifts

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The challenge

You want to support Providence St. Jude Memorial Foundation, but do not want to use assets you may need during your lifetime.

The solution

You name Providence St. Jude Memorial Foundation as a beneficiary through your will or living trust.

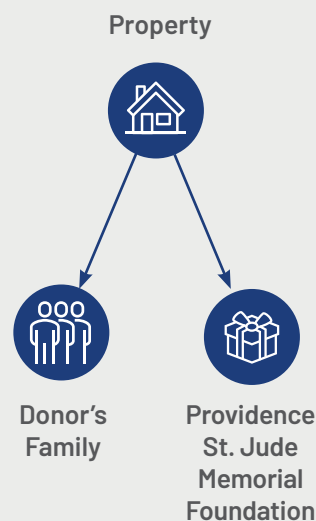
The benefits

- **Flexibility**
You are able to use and control your assets during your lifetime.
- **Tax Deduction**
The amount given is not subject to federal estate or gift tax. Providence St. Jude Memorial Foundation receives your charitable gift.

The donor

A bequest is a gift anyone can make. In the US most of the money gifted to a charity is through a bequest.

Bequest of Estate



Bequest

A future gift to help Providence St. Jude Memorial Foundation. A bequest is one of the easiest ways for you to make a planned gift.

A donor can create a legacy that extends beyond his or her lifetime by naming Providence St. Jude Memorial Foundation as a beneficiary through his/her will or living trust. Legacy gifts may also be made through beneficiary designations on retirement accounts, life insurance policies, bank accounts and certificates of deposit.

Specific asset bequests

Many bequests transfer a specific item to a beneficiary. "I hereby give, devise and bequeath my [Description of Property] to Providence St. Jude Memorial Foundation located at 101 E. Valencia Mesa Drive, Fullerton, CA, 92835 with Federal Tax ID #95-1643325, for Providence St. Jude Memorial Foundation's [Specific Program -or- general use and purposes]."

Specific amount

Another common transfer via a will is the gift of a specific dollar amount. "I hereby give, devise and bequeath [\$Dollars] to Providence St. Jude Memorial Foundation located at 101 E. Valencia Mesa Drive, Fullerton, CA, 92835 with Federal Tax ID #95-1643325, for Providence St. Jude Memorial Foundation's [Specific Program -or- general use and purposes]."

Bequest of specific real estate

"I hereby give, devise and bequeath all of the right, title and interest in and to the real estate located at [Address or Description of Property] to Providence St. Jude Memorial Foundation located at 101 E. Valencia Mesa Drive, Fullerton, CA, 92835 with Federal Tax ID #95-1643325, for Providence St. Jude Memorial Foundation's [Specific Program -or- general use and purposes]."

Bequest of percentage of an estate

"I hereby give, devise and bequeath [Percentage of Estate] to Providence St. Jude Memorial Foundation located at 101 E. Valencia Mesa Drive, Fullerton, CA, 92835 with Federal Tax ID #95-1643325, for Providence St. Jude Memorial Foundation's [Specific Program -or- general use and purposes]."

Charitable Gift Annuity

An agreement through which you make a gift of cash or property and we agree to pay you fixed payments for the rest of your life.

A Charitable Gift Annuity (CGA) is a contract between a donor and a charity. In exchange for a gift of cash or property, the charity agrees to make fixed payments to the donor for the remainder of his or her life.

Duration

A donor gives cash or appreciated property to Providence St. Jude Memorial Foundation. In exchange, Providence St. Jude Memorial Foundation makes fixed payments for the lifetime(s) of one or two individuals.

Payout rate

Gift annuity payments are based on the age of the annuitant(s). Most charities use rates set by the American Council on Gift Annuities (ACGA).

Taxation of payments

A portion of most gift annuity payments is tax free. The remainder of the income is taxed at ordinary rates and possibly capital gains rates.

Timing

A gift annuity contract can begin making payments immediately (current gift annuity) or defer payments for at least one year (deferred gift annuity).

The challenge

You want to make a gift to Providence St. Jude Memorial Foundation and receive annuity payments for life.

The solution

You enter into a charitable gift annuity agreement with Providence St. Jude Memorial Foundation.

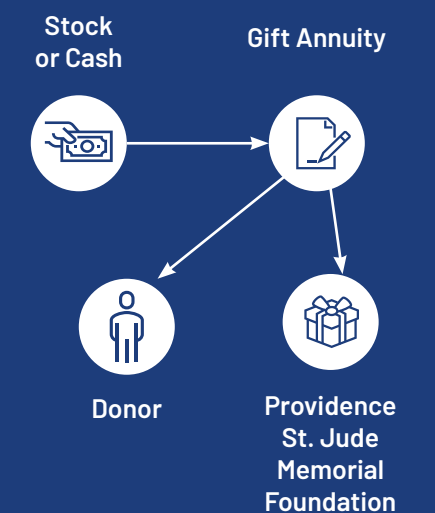
The benefits

- **Fixed Payments for Life**
Fixed payments to one or two individuals for life.
- **Tax-Free Payments**
A portion of each payment may be tax-free.
- **Rates by Age**
Payout rates are based on the age of the annuitant(s).
- **Tax Deduction**
Donor receives a federal income tax deduction.

The donor

An individual who desires fixed payments for life. Beneficial for those with cash or appreciated property that produces little to no income.

Charitable Gift Annuity



The challenge

You desire to change appreciated property that produces little or no income into a productive asset without paying capital gains tax on the sale of the property.

The solution

You contribute appreciated property to a CRT that will sell the property tax free and make payments for your lifetime or a specified term of years. At the end of the term, the remainder value is transferred to Providence St. Jude Memorial Foundation as a charitable gift.

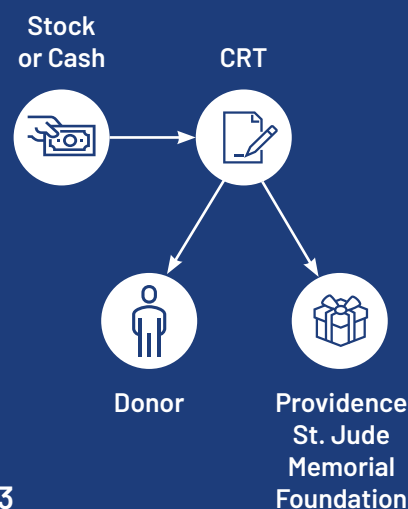
The benefits

- **Bypass Gains**
The trust sells the property tax free.
- **Increased Income**
The trust pays a percentage of its value to the trust beneficiary.
- **Tax Deduction**
The donor receives a current federal income tax deduction.

The donor

An individual with appreciated property, such as stock or real estate, with a value of at least \$100,000 who desires income and bypass of capital gains.

Charitable Remainder Trust



Charitable Remainder Trust

You transfer cash or property to a trust that pays income for your life or a term of years. The remainder goes to Providence St. Jude Memorial Foundation.

A donor transfers cash or appreciated property to the Charitable Remainder Trust (CRT). The CRT is a tax-exempt trust that can sell the property without paying capital gains tax and invest the proceeds to pay income.

Duration

A CRT can last for the lifetime of one or more beneficiaries or for a specified term of years.

Annuity vs. Unitrust Payout

A Charitable Remainder Annuity Trust (CRAT) pays a fixed dollar amount each year. By contrast, a Charitable Remainder Unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

Taxation of payouts

Most CRT payouts are taxed to the beneficiary as ordinary income and/or capital gains.

Payout Flexibility

A unitrust offers four flexible payout options. A standard unitrust pays a fixed percentage of the trust value. A Net Income Unitrust (NICRUT) pays the lesser of the trust's net income or the standard amount. A Net Income with Makeup Unitrust (NIMCRUT) is like a NICRUT but can make up distributions. Finally, a FLIP Trust pays like a NIMCRUT until a certain date or event then "flips" to pay out like a standard unitrust.

Family Charitable Lead Trust

You transfer cash or property to a trust that makes payments to Providence St. Jude Memorial Foundation for a specified period, then distributes the trust property to your beneficiaries.

A donor contributes cash or property to a trust that will make distributions to Providence St. Jude Memorial Foundation for a specified period and ultimately distribute the property to the donor's family.

Duration

A Charitable Lead Trust (CLT) can last for the lifetime of one or more beneficiaries or for a specified term of years.

Annuity vs. Unitrust Payout

Each year, a CLT pays either a fixed annuity amount or a percentage unitrust amount to

Providence St. Jude Memorial Foundation. A Charitable Lead Annuity Trust (CLAT) pays a fixed amount to Providence St. Jude Memorial Foundation each year, while a Charitable Lead Unitrust (CLUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

Lead Trust Types

A family CLT receives property and distributes it to the non-charitable beneficiaries at the end of the term. A gift tax deduction is available to a donor who creates a family CLT. The donor's estate receives an estate tax charitable deduction if the CLT is established at the donor's death.

The challenge

You desire to make a gift to Providence St. Jude Memorial Foundation for a period of time, then transfer an asset to family (with reduced gift or estate taxes).

The solution

You contribute property to a trust that will make distributions to Providence St. Jude Memorial Foundation for a number of years and ultimately distribute the property to family.

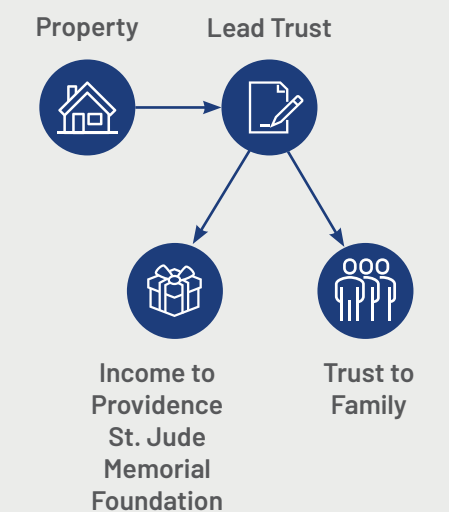
The benefits

- **Appreciation to Family**
You are able to give property to a lead trust and that property plus growth passes to your family with no additional tax.
- **Tax Deduction**
You receive a federal gift or estate tax deduction for the present value of the payments that will go to Providence St. Jude Memorial Foundation.

The donor

An individual who wants to pass specific property with growth to their family at reduced gift or estate tax cost – ideal for a person with a taxable estate.

Charitable Lead Trust



Life Estate Reserved

You make a gift of your home or farm to charity and retain the right to use the property for your lifetime.

A donor executes a deed transferring a home or farm to Providence St. Jude Memorial Foundation. On the deed, the donor retains a "life estate" that grants the donor the right to use the home for life. At the time of the gift, the donor and Providence St. Jude Memorial Foundation enter into a Maintenance, Insurance and Taxes (MIT) agreement.

Mortgage

It is possible for a donor to make a gift of a remainder interest even though there is a mortgage upon the residence.

MIT Agreement

The donor agrees to be responsible for the maintenance, insurance and taxes on the property.

Duration

The life estate reserved typically lasts for the life of the donor.

Deed Restrictions

The deed of the remainder interest to Providence St. Jude Memorial Foundation must not be restricted.

The challenge

You desire to leave your home or farm to Providence St. Jude Memorial Foundation when you pass, but would like a current tax benefit.

The solution

You can deed your home or farm to Providence St. Jude Memorial Foundation and keep the right to use the home or farm for your remaining lifetime.

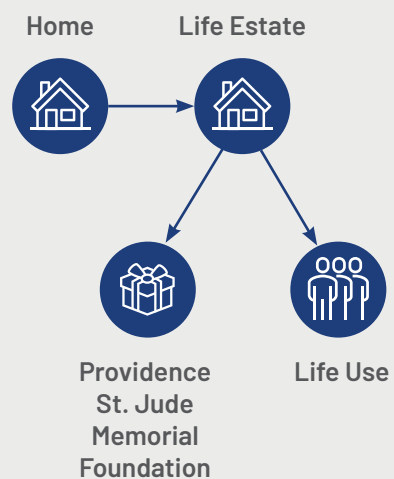
The benefits

- **Tax Deduction**
You receive a federal income tax deduction for the present value of the remainder interest in the home or farm.
- **Preserves Lifetime Use**
The donor is able to use and control the home or farm while alive.

The donor

An individual who wants to remain living in their home and desires a current income tax deduction.

Life Estate Reserved



Retirement Assets

You leave all or part of your retirement assets to us when you pass away. Your children save on income tax.

A donor makes a gift to Providence St. Jude Memorial Foundation of retirement assets, including his or her IRA, 401(k), 403(b), pension or other tax deferred plan.

beneficiary, Providence St. Jude Memorial Foundation will benefit from the full value of the gift because your plan assets will not be taxed when you pass.

Leaving Retirement Assets to Providence St. Jude Memorial Foundation

Your retirement assets may be transferred to Providence St. Jude Memorial Foundation by completing a beneficiary designation form provided by your plan administrator. If you designate Providence St. Jude Memorial Foundation as

Leaving Retirement Assets for Income

Another option is to leave retirement assets to a trust that pays income to a loved one after you have passed away. You can designate the trustee of a charitable remainder trust as the beneficiary of your retirement assets.

The challenge

If you give your retirement plan assets to your children, 60%-65% may be taxed. You want to make gifts to your family and Providence St. Jude Memorial Foundation and avoid taxing your heirs and estate.

The solution

You designate Providence St. Jude Memorial Foundation as the beneficiary of your high-tax retirement plan assets and give your heirs your low-tax assets that step up in basis at passing.

The benefits

- **Tax Savings**
Your family avoids additional income tax. Your estate enjoys estate tax savings.
- **Preserves Lifetime Use**
You may continue to take withdrawals from your retirement accounts during your lifetime. You contribute to our mission with the remaining funds when you pass away.

The donor

An individual who has acquired retirement plan assets.

Gifts of Retirement Assets

Retirement Assets



Providence St. Jude Memorial Foundation

Bargain Sale

A charity purchases your property for less than fair market value or accepts a gift of your mortgaged property.

A bargain sale works just like any other sale except that the sale price is a bargain (less than the property is worth). The donor transfers an asset to charity and receives less than fair market value in return.

Charitable Deduction

You receive a charitable deduction for the difference between the fair market value of the property transferred and the cash received in the bargain sale.

Cash or Debt Relief

You sell the property to Providence St. Jude Memorial Foundation and receive a cash payment or debt relief.

Bargain Sale

You receive the cash or debt relief you desire, and Providence St. Jude Memorial Foundation receives a valuable property for a payment of less than the fair market value price. The difference between the sale price and the appraised value of the property is a gift to Providence St. Jude Memorial Foundation.

The challenge

Many people desire to sell their property and also make a gift to charity.

The solution

Providence St. Jude Memorial Foundation can buy the property at a bargain price or agree to accept the donor's property subject to the mortgage.

The benefits

- **Immediate Benefits**
The donor gets a cash payment or debt relief.
- **Bypass Gains**
The donor avoids gains on the part of the property that is a gift.
- **Tax Deduction**
The donor receives a current federal income tax deduction for the part of the property given to Providence St. Jude Memorial Foundation.

The donor

An individual who wants to remain living in their home and desires a current income tax deduction.

Bargain Sale



Blended Gifts

A blended gift combines a current gift and a planned gift. It is a way for you to support causes you care about and make your giving go further.

The 12 most common blended gifts include:

1. Gift and bequest
2. Endowed Gift and Bequest
3. Gift and Gift Annuity
4. Gift and Unitrust
5. Gift and Deferred Gift Annuity
6. IRA Gifts and Bequest
7. IRA Gifts and Testamentary Unitrust
8. Gift Annuity and Bequest
9. Lead Trust and Bequest
10. Gift Annuity Interest and Bequest
11. Gift Unitrust Income and Bequest
12. Gift and Testamentary Lead Trust

For annual gift donors, adding a planned gift to their annual giving makes it possible for their philanthropy to continue into the future. For planned giving donors, making a current gift creates the opportunity to see the impact of their giving today.

The most popular planned gift remains the charitable bequest. So, it should not be a surprise that the most common blended gift is a combination of a current gift (often a major gift) and a charitable bequest.

Why is the gift and bequest combination so appealing to donors?

Legacy

Donors who make annual gifts can continue their giving and leave a lasting legacy by including a gift (a bequest) in their will or estate plan.

Flexible

Bequests are a flexible way to give. If circumstances change, donors can change their minds and remove or update the bequest in their will or trust.

Tax Benefits

A donor looking for tax savings can save on income and capital gains tax with the outright gift and avoid estate tax with the bequest (if the donor has a taxable estate).

A COMMITMENT TO VALUES

Compassion • Dignity • Justice • Excellence • Integrity

