



# Year-end gifting ideas

Charitable giving is much more than tax brackets and deductions. However, with careful planning, you can significantly reduce your income taxes while making a meaningful difference to the causes you care about.

## **YOUR NEED**

For tax purposes, you need to complete a gift by December 31, but haven't determined the charities you will ultimately support.

You own a life insurance policy that is no longer needed, and you could benefit from an income tax deduction.

You want to increase your income while making a meaningful and tax deductible contribution.

You find yourself with sufficient retirement income and do not anticipate needing your required minimum distribution from your IRA.

## **OUR SOLUTION**

Establish a Donor Advised Fund, locking in your tax deduction for the current year. You can then take as much time as needed to choose the charities that will benefit from your charitable fund.

Name the Community Foundation as both the owner and beneficiary of the policy. If the policy has cash value, you can take a charitable deduction approximately equal to the cash value or the basis of the policy, whichever is less at the time of the gift. If you are still paying annual premiums and you continue to pay them, they will become tax deductible each year.

Establish a "charitable remainder unitrust" or "charitable remainder annuity trust" that will provide you and/or loved ones with a 5% or greater annual return for life—after which assets will be distributed to the Community Foundation. A portion of your gift qualifies for a tax deduction. A minimum gift of \$100,000 is required.

If you are 70½ or older, you can make a contribution from your IRA directly to a qualified charity (under the Pension Protection Act of 2006 currently set to expire on December 31, 2007). The amount distributed may include your required minimum distribution for the year, to the extent you have not already received it. As long as the money is transferred directly from your IRA to charity, it is considered a qualified charitable distribution and will not be included in your taxable income. Gifts to donor advised and scholarship funds are excluded. However, gifts to the Community Giving Fund and the Administrative Endowment are allowed.