

# Planned Giving Services



**The Keokuk Area Community Foundation actively works with donors** and their professional advisors in helping individuals and generations of families perpetuate their charitable giving beyond their lifetimes. Once their fund is established or gift is made, they can be assured that their funds will be expertly managed and administered efficiently and that their wishes will be honored in perpetuity.

**KACF provides a simple, flexible and efficient way** to make a charitable estate gift that in many instances is directed to endowed agency funds. This service is a way for agencies to avoid the costs and liabilities of offering their own planned giving program. The Community Foundation serves as a partner by administering the gifts, providing advice on marketing planned gifts, and by working with potential donors and their advisors to answer technical gift planning inquiries.

**The gifts we accept are:** cash, and cash equivalents, stocks, bonds, mutual funds and other marketable securities, life insurance, retirement plan assets, business interests (closely-held c-corporation stock, s-corporation stock, partnerships and limited liability companies, and real estate.

# Planned Giving Options



## Life Income Plans

### Charitable Lead Trust

A charitable lead trust allows a donor to transfer assets to the Community Foundation, which will then pay a percentage of the assets' value to a charitable endowment designated by the donor. At the end of the trust term, the remaining assets are paid back to the donor (grantor trust) or to the designated heirs (non-grantor or family trust).

### Charitable Gift Annuities

A charitable gift annuity from the Community Foundation is a way for you to receive a guaranteed income for life and an immediate income tax deduction, while at the same time, leaving a legacy to the charitable cause of your choice.

Through a charitable gift annuity, you receive a fixed stream of income for life. After paying the lifetime annuity to you and your spouse, the remaining principal is transferred to your named charitable fund to accomplish your specific charitable goals. Our payments to you are based on your age; the older you are, the higher the rate. If the annuity is for you and your spouse, the calculation is based on your joint ages. If you do not need the income now, you can use our deferred plan and receive the income tax deduction now, but begin receiving payments when you reach a specific age. This is an excellent complement to your existing retirement plan.

The tax advantages of both a current and deferred annuity are two-fold. First, you receive an immediate income tax charitable deduction when you create your annuity. This is based on your age and annuity payout rate. Second, a portion of the payments you receive may be treated either as tax-free return of principal or long-term capital gains.

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## Remainder Gifts

Many donors choose to leave charitable assets upon their deaths. After assuring that their loved ones have been cared for, donors can use a variety of assets, such as pension plans, life insurance or the proceeds from the sale of a house, for charitable purposes. A popular remainder gift is to establish a bequest. Your gift can be used to establishing a scholarship fund, or create an endowment for a particular charity.

## **Pension Plan Beneficiaries**

A retirement plan is one of the best types of assets to transfer to a charity because it produces taxable income. Most assets an heir inherits are free from income tax. However, an heir will pay income tax on disbursements from a decedent's retirement plan such as a profit sharing plan, Section 401(k) plan or IRA. If you are going to make a charitable bequest, it is usually better to transfer the taxable assets subject to income tax to a tax-exempt charity — such the Keokuk Area Community Foundation — and to transfer the assets not subject to income tax to heirs.

## **Life Insurance Beneficiaries**

Perhaps you would like to contribute the proceeds of a life insurance policy to help the community, but you are not yet ready to give up ownership of the policy. By naming the Community Foundation only as beneficiary, you retain ownership of the policy and have access to the cash value as well as the right to change the beneficiary. If you don't have liquid assets right now but want to support a favorite charity, a gift of life insurance proceeds may be a good option. While you retain ownership of the policy, there is no charitable deduction for the value of the policy when you designate the Community Foundation as the beneficiary or for subsequent insurance premiums. However, proceeds payable to the Community Foundation at your death will not be subject to federal estate taxes.

# Planned Giving Options



There are many different ways to make charitable gift to the Keokuk Area Community Foundation. Please consider these popular options, but if there are other ways you would like to make a charitable gift please do not hesitate to ask.

## Outright Gifts

### Gifts of Cash

A cash gift is the simplest way to establish a named fund or to add to an existing fund. Cash gifts are fully deductible up to 50% of the donor's adjusted gross income in any one year. Deduction amounts exceeding this limit may be carried forward for up to five additional years.

### Securities

Gifts of appreciated securities (bonds and stock, including stock in closely held companies) also may be used to establish a fund or add to an existing fund. Such gifts often provide important tax advantages. Their full fair market value is deductible as a charitable contribution up to 30% of your adjusted gross income. As with gifts of cash, deduction amounts exceeding this limit may be carried forward for up to five additional years. The added benefit of giving appreciated securities is the avoidance of the capital gains tax on the appreciated portion of the gift. Gifts of closely held stock enjoy the same tax benefits as with publicly traded stock.

### Memorials & Honors

Gifts can be made in memory or honor of a loved one, or to commemorate a special milestone or event. The gifts can be made to an existing fund or you may choose to establish a special fund. Otherwise the gifts are directed to the Community Fund to support community needs.