



Philanthropy and the Future of Amanda the Panda

Amanda the Panda must have current support from you, our dear friends, to carry out our mission to grieving families each and every day. But, we also need individuals to consider us in their future plans as well...providing gifts that will ensure this legacy of caring continues.

We invite you to have a gift planning conversation with Amanda the Panda, with a promise that the conversation will be focused on YOU...

- Beginning with your (and your family's) need for lifetime income;
- Assuring you leave the inheritance you desire to family members or other heirs;
- Exploring ways to reduce your future tax burden....making more dollars available for you, your family, and organizations like Amanda the Panda.
- Helping you support not only Amanda the Panda, but all the charitable organizations you care about.

A Gift Planning Process that Focuses on YOU.

Imagine the wealth you accumulate throughout life as a pie. In reality, this pie will be divided into no more than three pieces, each piece representing one of the ways you use or pass on your wealth:

1. Personal piece: that which you spend during life or leave as an inheritance to family members and other heirs.
2. Government piece: taxes you pay to federal, state and local governments.
3. Charitable piece: gifts you make to favorite charitable organizations.

The goal of Charitable Gift Planning is to use creative (and often very simple) techniques to shrink the Government piece of your pie and increase your Personal and Charitable pieces.

Let Amanda the Panda introduce you to the advantages of the following gift planning "tools."

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Outright Gifts:

Outright gifts of cash or other property to Amanda the Panda create immediate income tax deductions for the full fair market value of your gift. You might also avoid capital gain taxes if the property is worth more than you paid for it.

Examples:

- Cash
- Appreciated Stocks or Bonds
- Real Estate
- Collectibles
- Life Insurance Policies
- Charitable Bargain Sales

Bridge Gifts:

These are gifts to Amanda the Panda planned during life but completed upon your death. They cost you little or nothing to put in place, and may be changed (increased, decreased, or eliminated) during your lifetime if, or as often as, your circumstances change. If you will be subject to federal estate taxes, these gifts may reduce or eliminate those taxes. Using a retirement plan to make this type of gift creates income tax savings for your heirs as an additional benefit.

Examples:

- A bequest in your will
- A beneficiary provision in your life insurance policy
- A beneficiary provision in your retirement plan
- An interest free loan to charity
- A “payable on death” account

Life Income Gifts:

These gifts help increase your current income by turning less productive property into income producing property. You give all or part of your less productive asset to Amanda the Panda, and in return receive annual income for life or a term of years. You get an immediate income tax deduction for a large portion of your gift, and the annual income you receive is often not fully taxable. Also, you may avoid significant capital gains taxes if the asset you give has increased in value while you owned it.

Examples:

- Charitable Gift Annuities
- Charitable Remainder Trusts



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Wealth Transfer Gifts:

Gifts for families facing federal estate tax issues. These tools help you to pass more property to family members and charity, rather than the federal government. They are also helpful for parents wanting to instill charitable values in their children and succeeding generations

Examples:

- Charitable Lead Trusts
- Family Philanthropy Plans
- Donor Advised Funds
- Private Family Foundations



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Consider these examples:

1. Chuck and Mary are retired and living in their own home. Their home is currently valued at \$150,000 and has no mortgage, and they have savings and other investment assets of \$400,000. They live on Chuck's pension, Social Security and earnings from their investments; and they are concerned about their income keeping up with inflation and future costs of living. They wish to leave most of their estate to their 3 children at their deaths, but have also discussed making future gifts to several organizations, including their church and Amanda the Panda. Under current law, Chuck and Mary would pay no federal estate tax.

Chuck and Mary have at least two charitable planning options:

Using between \$100,000 and \$200,000 of their investment assets to create a charitable remainder trust. The trust would pay them lifetime income at a higher rate than they are currently earning; it would create an income tax deduction that will reduce their income taxes this year and possibly for several more years; and, upon their deaths, the amount remaining in the trust would be shared between their church, Amanda the Panda and other organizations they name.

Chuck and Mary could give a remainder interest in their home to their favorite charities. This means that they transfer ownership of their home to charity today, but keep the right to live in the home for the remainder of their lifetimes. They continue to pay the expenses on the home just as they have been, but the gifts creates an immediate income tax deduction that will benefit them for one or more years. At their deaths, the charities sell the home and use the proceeds for their work, and Chuck and Mary's children receive the remainder of their estate. This gift cost Chuck and Mary almost nothing out of pocket today, but increased their annual income by reducing current taxes.

2. Joe and Sally are both working at careers they greatly enjoy. Each has been faithfully contributing to a 401(k) retirement account, such that today, a majority of their wealth is held in these accounts. They have supported Amanda the Panda and numerous other charitable organizations over the years, and have named Amanda the Panda and



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three other charities in their wills to share 20% of their total estate. They have 2 children and plan to leave the rest of their estate to them.

Joe and Sally can make a simple change that will save taxes and allow their children to inherit more of their wealth. Instead of naming Amanda the Panda and other charities to receive 20% of their estate through their wills, Joe and Sally name these organizations as beneficiaries of a similar dollar value from their retirement accounts (IRA's). Upon their deaths, the retirement plans will make the gifts they designated directly to charity, and their children will not have to pay income tax on these amounts. Joe and Sally change their wills so that all their other assets go to their children, and (assuming no federal estate tax) that amount will be greater because the children pay no income tax on this inheritance.

Information provided by

Doug Lockin Charitable Gift Planning

“Bringing the power of philanthropy to those that serve”

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