

## Ways of Giving

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A century hasn't changed the needs of our aging adults or the important role Bethesda plays in our community. In order to achieve our ambitious goals and ensure that we remain a symbol of caring and compassion to all who enter our doors for many years to come, we need your help.

Your gift can make all the difference in the success of the *Investing in a Healthy Future Campaign*. In return for financial support, you may take comfort and satisfaction in the knowledge that your own journey has been a meaningful one, that your generosity will directly benefit the lives of others.

Please join neighbors, friends, local churches, the people of Minnesota and others with your own commitment to *Investing in a Healthy Future*.

All gifts are tax deductible and Bethesda is recognized as a fully-qualified, not-for-profit organization under section 501(c)3 of the Internal Revenue Code.

### IT'S YOUR DECISION!

*Investing in a Healthy Future* is a campaign with a \$3 million goal. When a donor makes a gift to the Bethesda Foundation Campaign, the funds are invested and placed in a restricted account until they are used for a specific project.

Additionally, there are several opportunities for the endowment of program-specific gifts. You can designate your gift to any one of the key project areas targeted in the campaign. Or you can simply give toward the overall campaign goal.

### GIFTS OF CASH AND CASH PLEDGES

Gifts of cash may be mutually beneficial, providing funds for the Bethesda Foundation and tax savings for you. Pledges covering a period of three-to-five years are most welcome since the campaign goals and objectives are expressed over this time-frame. Some donors may wish to consider longer or shorter arrangements. Flexibility is key.



## GIFTS OF STOCK AND OTHER SECURITIES

Appreciated stocks, bonds, U.S. Treasury notes and bonds, and mutual funds make excellent gifts to the Bethesda Foundation, at the same time resulting in additional tax savings for you. Contribute securities that have increased in value and avoid capital gains tax that is incurred when you sell appreciated assets. You'll also get a charitable tax deduction for the full market value of the assets, regardless of what you paid for them.

### GIFTS PLANNED OR DEFERRED

A bequest in your will or a living trust can be an effective way of making a gift to the Bethesda Foundation while reducing the taxable portion of your estate. Whatever your goals or financial situation, planned giving offers a number of options from which to choose. The following offers some ideas of how to plan a gift that's right for you, and is not a substitute for advice from our professional planned-giving staff and your own advisors.

As you consider your options, remember that everything you own may be subject to federal estate tax. Charitable deductions allow you to deduct every dollar you give to charity through an outright bequest. Also, property placed in a charitable trust generally will not be subject to federal estate tax when the donor dies.

## *Example of giving stock vs. cash to the Investing in a Healthy Future Campaign*

### YOUR PATH TO THIS GIFT

You're considering an outright gift made during your lifetime. You're holding stocks that have risen in value. You want to maximize your deduction but not affect your cash flow.

The most common appreciated asset, and the easiest to donate, is marketable stocks and bonds. The IRS still offers you a notable tax break for charitable gifts: you may deduct the full, fair market value of appreciated assets that you give us, and also avoid capital gains liability on the transfer. This means that you can leverage a larger donation if you use an appreciated asset to make your gift instead of cash.

### HOW YOU CAN GIVE MORE WITH APPRECIATED STOCK VS. CASH

Suppose you purchased 2,000 shares of Company X stock at \$10 per share and it is currently worth \$50 per share. You have been considering making a generous gift to the Bethesda Foundation, and now you are trying to decide the best strategy. Remember that in addition to receiving an income tax deduction for the fair market value of the gift, giving appreciated securities allows the donor to avoid the capital gain that would have been realized had they sold the asset instead. Assume 35% federal income tax and 15% capital gains tax.

	Giving Cash	Giving Stock
Charitable Gift	\$100,000	\$100,000
Capital Gains Tax Saved	\$0	\$12,000
Income Tax Savings	\$35,000	\$35,000
Net Cost of Gift to You	\$65,000	\$53,000

So by giving appreciated securities, the net cost to you is \$12,000 less and you have essentially made a \$100,000 gift to the Bethesda Foundation with the \$20,000 that you originally used to purchase the stock.

Many of our donors are also surprised to find that they can often give more to the Bethesda Foundation through stock gifts with the same net cost as that of a cash gift.

Assume the same parameters from the example above including a 35% federal income tax and 15% capital gains tax. In this case, by giving stock rather than cash, you could increase your gift to the Bethesda Foundation by over 22% or \$22,642.

	Giving Cash	Giving Stock
Charitable Gift	\$100,000	\$122,642
Capital Gains Tax Saved	\$0	\$14,717
Income Tax Savings	\$35,000	\$42,925
Net Cost of Gift to You	\$65,000	\$65,000

- **How will your gift of stock be valued?** It's the average of the high and low prices for the stock on the date of the transfer to us. If the high bid was \$80 and the low was \$70 on the day you made your gift, your deduction will be \$75 per share.
- **When is your gift complete?** If your stock is held by your broker, it's the date the shares reach our account. If you hold the stock yourself and mail it to us, it's the postmark date on the envelope.
- **How should you transfer securities to us?** Please contact the Bethesda Foundation Director of Development for the instructions and forms you will need to complete the transfer. Can you deduct the full amount of your gift? Yes, within this limitation: the IRS says that you can deduct gifts of appreciated assets up to 30 percent of your adjusted gross income ('AGI'—the figure at the bottom of the first page of Form 1040. See glossary for full definition.). Thus, if your AGI will be \$100,000 this year, you will be able to deduct up to \$30,000 in gifts of stock. A gift in excess of the 30 percent amount is not wasted,

however, because the IRS allows you to carry forward excess deductions through the five tax years following the year of your gift.

Note that the IRS allows cash gifts to be deducted up to 50 percent of adjusted gross income. Therefore, the deduction for a large gift of appreciated assets could take longer to claim than the deduction for the same gift made in cash. But if the donated assets had a small cost basis, they could still be more tax-efficient to use than cash.

## *Gifts providing income to you*

### CHARITABLE REMAINDER UNITRUST

By transferring highly-appreciated, low-yield property into a charitable remainder unitrust you can bypass capital gains taxes, increase your income, and enjoy a charitable income tax deduction. After your lifetime, or a period of years, the remaining principal is gifted to the Bethesda Foundation.

For example, you might transfer into a unitrust stock that originally cost \$25,000 but now has a fair market value of \$100,000 and a current yield of 3%. If you select a 7% payout rate you will increase the annual income from your investment from \$3,000 to \$7,000. You will also bypass the \$75,000 gain and receive a substantial income tax deduction.

Note that a unitrust pays a variable income based on a percentage of the fair market value of the trust assets, as revalued annually. You choose the payout rate based on your own needs. A low rate allows the trust assets to grow more rapidly, providing you with the opportunity to increase your future income.

## CHARITABLE REMAINDER ANNUITY TRUST

An annuity trust is like a unitrust except it pays a fixed income based on the percentage you choose and the value of the assets when the trust is established. For example, if you establish a 7% two-life annuity trust with assets of \$100,000, you and your spouse would receive \$7,000 each year for the rest of your lives.

## CHARITABLE GIFT ANNUITY

A charitable gift annuity pays you a fixed dollar amount for life, or for a period of years. The amount, guaranteed by the Bethesda Foundation, is determined at time of contribution and is based on your age, and, if you have designated another beneficiary, on his or her age as well. For senior citizens, annuity rates may be 8%, 9%, or even higher. Part of the annuity payment is tax-free, and the initial charitable deduction offers substantial income tax savings.

## DEFERRED GIFT ANNUITY

With a deferred gift annuity, you can defer the receipt of income until a later date, such as retirement. This has multiple benefits: your annual income will probably be lower when payments begin, and the contribution secures a current income tax charitable deduction.

## CONSIDER THE BENEFITS

Benefits vary depending on the gift you choose, but most options offer:

- Immediate federal income tax deduction for all or a portion of the value of your gift.
- Elimination of capital gains tax at the time of transfer, if the asset is in the form of real estate or securities that have appreciated in value.
- Increased financial security for you or your heirs while providing meaningful support for a valuable community resource.
- Income for life paid to you and/or another beneficiary, such as a spouse or other family member.
- Increased income if a gift is made to a life income plan that produces a higher yield than the donated asset (often the case with securities).

## MORE INFORMATION

The Bethesda Foundation will be happy to work with you to develop a gift plan that fits your particular needs and interests.

### FOR CAMPAIGN INFORMATION:

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