



GIFTS OF RETIREMENT ASSETS

GIFTS OF REAL ESTATE



Ruth and Norm were used to investing as they often put some of their savings into the stock market. They both were employed by companies that offered 401k plans and Ruth and Norm were comfortable setting the investment parameters so that the assets were invested in mutual funds. They kept investing and the value of their plans and their other holdings kept growing.

While they were very pleased with the performance of their mutual funds and the overall growth of their investments, they were not aware of a significant potential tax liability that was growing along with their retirement assets. But, by planning ahead and consulting with their advisors, they were able to protect their assets as well as provide a potential gift to Capital Public Radio.

ABOUT CAPITAL PUBLIC RADIO

Capital Public Radio's vision is to be a valued, vital, and vibrant service that is indispensable to listeners' lives, inspires people to look at the world in different ways, capitalizes on emerging opportunities, and speaks with civility and respect. Capital Public Radio's mission is to provide a trusted source of information, music and entertainment for curious and thoughtful people, in an efficient, sustainable way, strengthening the civic and cultural life of the communities we serve.

GIFTS OF RETIREMENT ASSETS

In a meeting with their tax advisor as part of a review of their retirement and estate plans, Ruth and Norm were surprised by the potential taxes that could amount on undistributed retirement assets at their death. Since they had long been involved with Capital Public Radio and had often made significant gifts using appreciated securities, their advisor suggested they make Capital Public Radio a beneficiary of their retirement assets.

Using qualified retirement plan funds is an excellent way to make a charitable gift. Other assets, such as investments, receive a step up in basis in the estate. It is not prudent to give assets to a charity that would be treated favorably for tax purposes in the estate and let the undistributed retirement assets be heavily taxed.

By designating Capital Public Radio as a beneficiary of the retirement plan (it can be a contingent beneficiary after the death of a spouse), funds pass to Capital Public Radio free of taxes. It is possible to set up the beneficiary as the recipient of the entire remaining funds in the account or establish a percentage to fund the bequest.

Please note - the designation of any charity as a beneficiary of retirement fund assets cannot be simply written in your will or trust. The charity must be designated as a beneficiary of the retirement plan itself.

Everyone's personal circumstances are different, so we encourage you to seek out the counsel of your attorney and/or financial advisor to assist in planning your estate and its disposition. It is especially important to do so concerning the use of qualified retirement funds in estate planning. We would be glad to make suggestions that could be effective in accomplishing you and your family's needs and your desire to benefit Capital Public Radio as well.

You may want to consider that your will and how you dispose of your assets might be the last opportunity you have to communicate to your heirs and loved ones the values that are important to you.

For additional information or discussion, please contact

Terri Contenti • (916) 278-8944 • (916) 278-8980 FAX • gifts@capradio.org

Please note, individual financial circumstances will vary. This information does not constitute legal or tax advice. As with all tax and estate planning, please consult your attorney or estate specialist. The content in this brochure has been developed for ORHNAMEFAMILIAR by Future Focus.



Eileen and her husband, Paul, had a vacation home on a lake where they and their children would spend the summers. But after Paul passed away suddenly, Eileen began to find that the second house was a burden. Without Paul to take care of things and with their children involved in their own families miles away, Eileen wanted to simplify her life.

But how could she sell their house and avoid the significant capital gains taxes that would result? Capital Public Radio showed her a way that worked for her quite nicely and also enabled her to make a large gift to support an organization she and Paul both loved.

Eileen found that by putting the vacation home into a charitable trust that then sells it, she would avoid a taxable capital gain because the trust does not pay taxes. She also received a charitable tax deduction based on the current value of her future gift. The trust then takes the proceeds from the sale of the house and invests them. Eileen will receive income from the trust for life. Then, after Eileen's death, the assets of the trust will go to Capital Public Radio.

GIFTS OF REAL ESTATE

Depending on the circumstances that are involved, gifts of real estate can be an effective means of planning a gift. Much of the individual wealth in America is invested in real estate. While the first thought often is a home or farm, real estate also can involve a vacation or second home, an apartment or commercial building, a shopping center, or undeveloped land.

Often our real estate holdings are a significant part of our net worth. Gifts of real estate, therefore, can enable us to make significant contributions. Each piece of property and its unique circumstances need to be reviewed to determine the suitability of the property as a gift. Generally speaking, a rule of thumb is that an acceptable piece of property is one that can be readily sold.



Also, there are many ways to donate property. It can be an outright gift or placed in a trust (such as what Eileen and her advisor set up). It can also be a retained life estate, which allows the donation of a personal residence (to include a vacation home) or farm with the donor retaining the right to life enjoyment. A life estate may be retained for one or more lives or it may be retained for a term of years. All routine expenses - maintenance fees, property taxes, repairs, etc. - are the responsibility of the donor. The donor receives income tax benefits in the year of the gift (the property is irrevocably deeded to the charity) and estate tax benefits.

While we discuss some generalities here about donating real estate, if you are considering such a gift to Capital Public Radio, please contact Terri Contenti to discuss its suitability.

In addition to making a significant contribution, there can be other benefits for you:

- There may be a charitable income tax deduction that would lower your income tax.
- If your property has appreciated in value since you acquired it, there might be a large capital gain tax that would result if you sold it. By donating the property, you may be able to avoid realizing the capital gains.
- Depending on your state regulations, you may be able to turn the property into a gift that is structured to provide income for you and a beneficiary.
- If the property is your home or farm, you may be able to make a gift of it now and continue to live in it for the rest of your life and receive tax benefits the year of the gift.
- If the contribution from your property exceeds the allowable charitable deduction limits, the deduction may be carried forward for five years.

There can be significant advantages to using real estate as a charitable gift. Please contact Terri Contenti to discuss your unique circumstances. And, as in all matters with estate and tax planning, please consult your tax advisor and/or your attorney to assist in your plans.

For additional information or discussion, please contact

Terri Contenti • (916) 278-8944 • (916) 278-8980 FAX • gifts@capradio.org

Please note, individual financial circumstances will vary. This information does not constitute legal or tax advice. As with all tax and estate planning, please consult your attorney or estate specialist. The content in this brochure has been developed for Capital Public Radio by Future Focus.