Get More from Your Philanthropy: Unlock the Right Combination

Unquestionably, personal philanthropy is receiving increased attention today – given impetus by donors such as Warren Buffet, Bill Gates and other financial and business gurus. While some gifts are huge, it’s not the size of the gift that counts. It’s the desire to make a difference in the world... to have an impact through strategic problem solving... to see the results of one’s philanthropy... and to leave a lasting legacy.

Planned giving expands the range of giving opportunities and opens the door for wider donor participation. For some, that means an outright gift of cash or appreciated property; for others, a deferred gift arrangement such as a charitable bequest or a gift with a retained income stream. Sometimes it’s a combination of gift plans in the form of a pledge or endowment to support a program dear to the heart or to participate in a capital campaign.

In this issue of Benefactor, we provide a general overview of planned giving and some of the important programs made possible though planned gifts – gifts that benefit both the University and the donor. All planned gifts, small and large, play a fundamental role in helping us achieve our education mission.

To learn more about the many specific gift plans available to you, we invite you to send for our booklet, *Making a Difference – Creative Ways to Leave Your Own Legacy*. We’ll also be happy to provide you with detailed information about endowment or pledge opportunities. Simply use the reply card to receive this information, or contact us directly by phone or e-mail. We look forward to hearing from you.
Why Planned Giving Is So Attractive — You Benefit, So Do We

Planned gifts are charitable gifts that can be beneficial to both you and us. Often the donor can enjoy enhanced tax and financial benefits while making a larger gift than otherwise might be possible. Usually this means coordinating the gift with the donor’s financial and estate planning. But it need not be complicated or difficult:

Most planned gifts are easy to understand and implement.

Planned giving is not just for the wealthy – gifts of all amounts are appreciated and make an impact.

Some gifts are extremely flexible, which means you have the right to make adjustments should your needs or circumstances change.

One way to understand planned giving is to break it down into three broad categories of gift plans and look at the comparative benefits. The categories are outright gifts, life income gifts, and charitable bequests.

Outright Gift Opportunities

If you are looking to make an immediate impact with your gift, consider an outright gift. Outright gifts can be used right now to support a program of your choice. Plus, you have the opportunity to maximize your income tax savings.

Cash gifts, of course, are always welcome and appreciated. But oftentimes a gift of long-term appreciated property such as securities or real estate can even enhance your tax benefits. Consider that a gift of appreciated securities is an effective way to make a meaningful gift, sidestep the capital gains tax drain, and rid your portfolio of an out-of-favor stock. What’s more, such a gift has a true after-tax cost that is less than a comparable cash gift.

Example: Jean is thinking about making a $10,000 cash gift to our capital campaign. But, is a cash gift necessarily the best choice? Jean could make a $10,000 gift with shares of a tech stock that she bought years ago. Her basis in the stock is only $500, but she can take the full fair market value of $10,000 as a charitable deduction on her next income tax return. And, the $9,500 capital gain that would have been taxed if Jean had sold the shares is altogether avoided. The choice of a stock gift is a smart option for Jean — she has a reduced out-of-pocket cost, but her gift still has the same impact.

Many of our friends use outright gifts to give impetus to a particular program or capital campaign, or to set up a pledge or endowment commitment. We can help you select the most appropriate asset to produce the best result.

Gifts with a Retained Income Stream

Friends who want to make an impact gift but who are reluctant to give up an asset may do so providing they can retain the income from the asset. Fortunately, there is an easy way to support our work and retain an income that provides for your retirement security. It’s called the charitable gift annuity.

Example: Martin James has most of his money tied up in CDs. Several will be coming due shortly and he wants to investigate alternatives to a CD renewal. Mr. James is concerned about long-term health care and outliving his resources.
Mr. James learned about gift annuities from one of our earlier newsletters. After exploring his options, he decides to set up a charitable gift annuity with us which, at his age of 80, has a payment rate of 8% annually for the rest of his life. The annual payment is fixed for life, with the payments backed by the general assets of our organization. The 8% rate is very attractive to Mr. James. What's more, part of the payments may be tax-free, and he receives an income tax charitable deduction for the value of our gift portion. Factor in the charitable deduction with the attractive payment rate and Mr. James finds the charitable gift annuity an ideal arrangement. Mr. James also has the satisfaction of knowing he will be able to make a meaningful gift to us while enjoying these financial and tax benefits. As he so aptly put it, “It’s nice to know you can benefit yourself while benefiting others.”

Another option: If you are not yet ready to retire, you may want to consider the deferred charitable gift annuity. It works the same as the regular gift annuity, except you can defer payments until a later date. A feature that makes this deferred gift annuity so attractive is that, by deferring payments, you receive a higher payment rate when the payments begin (compared to the standard gift annuity).

Charitable Bequests

A charitable bequest is simply a gift made through your will. It's the most popular planned gift because the donor retains control of the asset during life and has the right to amend any beneficiary designations in response to changing life conditions. Because a charitable bequest is revocable (unlike an outright gift or life income gift plan), there are no income tax savings. But there may be estate tax benefits.

Charitable bequests are easy to make but creating or amending a will usually requires an attorney. If you already have a will, your attorney may be able to add a charitable bequest to us through a simple amendment called a codicil. You can leave a specific dollar amount, a percentage of your estate, or what's left of your estate after other bequests and taxes are satisfied. We will be happy to work with you and your advisors to help you achieve your specific planning objectives.

How to Leverage the Impact of Your Gift

Read nearly any financial or philanthropic journal today and you will quickly discover an intense donor interest in how to maximize the impact of a charitable gift. Often, donors use a combination of gift plans to realize their goals. Some who opt for a pledge (a promise to make a large gift commitment over a period of time) may make an initial outright contribution of cash or appreciated property, supplemented by a bequest provision in their will to complete the commitment.

Endowment programs can also be specifically created through a combination of gift plans or through a single gift. Many donors create an endowment through a bequest or trust. Others may simply prefer to contribute to an existing endowment rather than create their own.

We invite you to explore the many opportunities available to you today. There is a “right combination” that will allow you to leverage your philanthropy and experience the greatest satisfaction from your gift – helping us immensely while you enjoy meaningful personal benefits as well.

To Learn More

To find out which specific gift plan may be best for you, simply return the enclosed card and request our booklet, Making a Difference. It would be our pleasure to provide additional helpful information on gift plans and ideas, including pledges and endowments.
Exactly What Is an Endowment?

An endowment is a permanent fund set aside for a special purpose. Through an endowed fund, you can support in perpetuity a favorite cause. The gift is self-renewing and can even create opportunities for others to join in extending a meaningful legacy. Here’s how an endowed fund works:

- The endowed fund is established through a tax-deductible charitable gift.
- The principal of the endowed fund is invested and only its income used to provide the designated support.
- As new tax-deductible gifts are added, the endowment grows and so does the income stream.
- Since the principal is never invadied, the fund becomes a growing perpetual source of funds for the program or service you’ve chosen. And the gifts continue, from year to year and even generation to generation!

Example: Nearing retirement, Cory wanted to acknowledge and pay tribute to his parents for all the opportunities they provided that paved the way to his professional success. Knowing they were lifelong supporters of the University, Cory established an endowed fund in their honor. Each year, the income from the endowed fund is used to support their favorite program. Cory plans to make future contributions to the fund as well, including a bequest provision in his will, and he has invited his children to make contributions as they are able. It’s an admirable family venture – one that has a never-ending impact on our important work.

Your Goals are Important

There are many ways to support our education mission. You may be looking for ways to make an immediate impact at the University. Or, you might have a long-term goal and be interested in setting the stage for a future decision. In either case, don’t hesitate to contact us. It would be our pleasure to be of service.

University of Maine at
PRESQUE ISLE
North of Ordinary

For more information, please contact:

Deborah Roark
Executive Director of University Advancement
University of Maine at Presque Isle
181 Main Street
Presque Isle, Maine 04769
(207) 768-9755
deborah.roark@maine.edu
www.umpi.edu

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