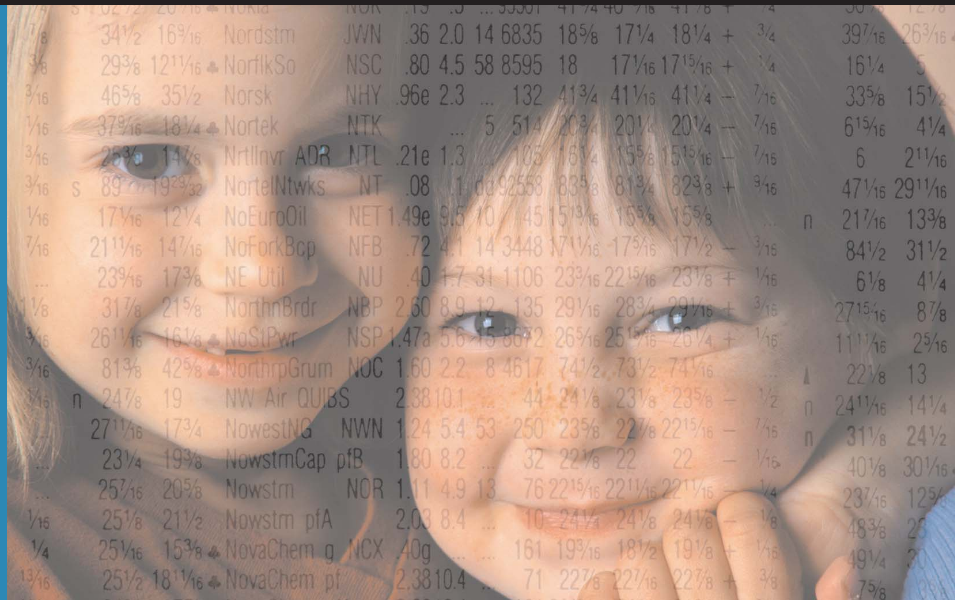
Turning stock market gains into community investment

Gift of Appreciated Stock



Everybody wins when you make a gift of appreciated stock *to your community foundation. Your gains are put to good use. Your gift of stock is reinvested in your community, and it qualifies for an immediate tax deduction based on the full fair market value.*

How it works

- You make a gift of appreciated stock to your community foundation.
- Your gift can be placed into any of our charitable funds. For example, you can use your gift to create a Donor Advised Fund in your name, in the name of your family or business, or in honor of any person or organization you choose. You can then stay involved in recommending uses of the fund.
- Your gift qualifies for a tax deduction based on the full market value of your stock; you avoid the capital gains tax that would otherwise arise from the sale of this stock.
- We handle all the administrative details.
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift—and all future earnings from your gift—is a permanent source of community capital, helping to do good work forever.

Generating a return for your community

"Our stock returns provided the means for giving to our community," say Joanne and Gerald Johnson. That's why they joined the many people who choose to contribute appreciated stock to open a Donor Advised Fund. Last year, The Johnson Fund supported a local family outreach program, a homeless shelter, and a local theatre group. "Some of our charities are too small to accept direct stock gifts," says Joanne. "Giving through the community foundation eliminates that barrier." The Johnsons receive a tax deduction on the full market value of their appreciated stock, while avoiding the capital gains tax that would otherwise arise from sale of this stock. Gerald says, "It's a simple, satisfying way to give."

Community Foundation of Kankakee River Valley

701 S Harrison Ave, Kankakee, IL 60901
815-939-1611; www.CFKRV.org

More benefits

Giving appreciated stock through a community foundation is popular among a range of givers—individual investors, families, entrepreneurs, and even groups of friends who have formed investment clubs.

By giving stock through your community foundation, you can avoid capital gains taxes that would be due as a result of its sale and establish a charitable fund that benefits the local causes and organizations you care about most. With gifts of appreciated stock, your stock market earnings translate into community impact, so you get a more rewarding return on your portfolio. You can set up a scholarship; support special programs for at-risk youth, senior citizens, or other people in need; address environmental concerns; or support the arts.

Community foundations provide a simple, powerful, and highly personal approach to giving. We offer a variety of giving tools to help people achieve their charitable goals.

You can make a gift of cash, stocks, bonds, real estate, or other assets to your community foundation. Most charitable gifts qualify for maximum tax advantage under federal law. For more information and ideas on ways to integrate your financial planning with charitable giving, ask your financial advisor or contact your community foundation.

Ten reasons people choose to give through community foundations

one
We are a **local organization** with deep roots in the community.

two
Our professional program staff has **broad expertise** regarding community issues and needs.

three
We provide highly **personalized service** tailored to each individual's charitable and financial interests.

four
Our funds help people **invest in the causes** they care about most.

five
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Choosing community over taxes

Charitable Beneficiary Designation

Naming the community foundation as a beneficiary *of your retirement plan is not only easy to do, it is also a way to make a significant and lasting gift to our community that may not be possible during your lifetime.*

How it works

- You designate the community foundation as a full or partial beneficiary of your qualified retirement plan using a form supplied by the policy underwriter or plan administrator.
- When you are no longer living, the benefit comes to the community foundation. We set up a special fund in your name, in the name of your family, or in honor of any person or organization you choose. Or, you may choose to have the assets contributed to an existing fund.
- We handle all the administrative details.
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift is a permanent source of community capital, helping to do good work forever.

A safe way to make a big impact

Kevin and Mary Goodman care deeply about their family and their community. So, they turned to their professional advisor for guidance in fulfilling their desires to ensure that their children are taken care of and a charitable legacy is left to the community. When they learned that retirement assets are often subject to two taxes (income and estate tax) that could reduce the value of those assets by up to 75% if left to their children, they quickly determined that these assets would be best designated for charity. By naming their community foundation as a beneficiary of the retirement assets, they would be assured that their gift would be paid directly to the foundation and would not be subject to income or estate taxes. They also knew that every dollar (rather than only a small percentage) would be preserved for the community they love. "It made sense to our family to handle our retirement assets in this manner. It is an easy and gratifying way to leave a legacy to our community," says Mary.

This is a donor scenario, a realistic composite of giving stories. It is not an actual hometown donor story.

Community FOUNDATION OF KANKAKEE RIVER VALLEY

701 S Harrison Ave, Kankakee, IL 60901
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More benefits

If you are concerned with potentially high estate taxes, the charitable beneficiary designation is a good choice because the benefit payment is generally excluded from your estate for tax purposes. And, because you may change the beneficiary designation at any time, your decision is revocable.

One of the most tax-efficient ways to give back to your community is by designating the community foundation as a beneficiary of your retirement plan, whether it is a 401(k), 403(b), IRA (individual retirement account), or other qualified retirement program. These assets could be taxed at rates as high as 70 percent upon your death. Estate taxes may be due in addition to the taxes your heirs may pay on the income in respect of the decedent (IRD). For these reasons, many advisors recommend retirement plan assets as the first to be designated for charitable purposes.

Although your retirement plan beneficiary form overrides your will, it is important that both documents are up-to-date and consistent.

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Community as your beneficiary

Gift of Life Insurance

Life insurance *provides a simple way for you to give a significant gift to charity, with tax benefits that you can enjoy during your lifetime.*

How it works

- You make your local community foundation the owner and irrevocable beneficiary of your life insurance policy—you can either give a paid-up policy or continue to pay premiums.
- You receive a tax deduction for the approximate cost or fair market value, whichever is less. If the policy is paid up, you may receive an immediate tax deduction. If it is not, you can claim continuing tax deductions on premium payments you make directly or through gifts to the community foundation.
- Upon your death, we set up a special fund in your name, in the name of your family, or in honor of any person or organization you choose.
- Our professional program staff considers your charitable wishes and determines the community needs that would be most impacted by grants from your gift.
- Our board issues grants in the name of the fund you establish (if you prefer, your awards can be made anonymously).
- We handle all the administrative details.
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift—and all future earnings from your gift—is a permanent source of community capital, helping to do good work forever.

A gift that pays

When his two daughters were young, Zachary Ding bought a life insurance policy to provide for his family in the event of his death. Now, he's 65, and things have changed. "My daughters are both grown and doing very well for themselves, and over the years, my wife and I have become fairly comfortable—she will no longer need the death benefit from my policy," says Zachary. The Dings support and volunteer for a youth mentoring program as well as their local museum. "We've always planned to leave something for important community organizations when we pass," says Zachary. After talking with their financial planner, Zachary decided to give his life insurance policy to his local community foundation. "After giving my policy, I received a significant tax deduction," says Zachary. "We had owned the policy for so long that we could choose to stop paying the premiums and maintain a sizable death benefit." The Ding Fund will be established with the proceeds from the insurance policy to benefit youth development and other community organizations.

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More benefits

Giving life insurance through your community foundation is one of the simplest ways to make a significant contribution to your community and establish your legacy of giving. You can make a gift when life insurance is no longer needed for personal financial wealth replacement. You may receive a number of tax benefits, including reduced income taxes and estate taxes. And, if you choose to continue paying premiums through your community foundation, you will be entitled to a charitable contribution deduction of up to 50 percent of your adjusted gross income.

You can replace the dollar value of an asset transferred to your community foundation with a life insurance policy. Or you can use regular payments from a Charitable Gift Annuity or Charitable Remainder Trust to establish an irrevocable life insurance trust. The trust can purchase insurance on your life to benefit your heirs. This way, you can make a gift to your community foundation and replace the value of this gift within your estate with life insurance proceeds.

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A charitable gift unearthed

Gift of Real Estate

Making a charitable gift of real estate *through your community foundation can help you turn your property gains into community good. The value of your real estate may exceed that of any other asset you own. With the help of your community foundation, you can use it to fulfill your charitable interests and receive financial and tax benefits.*

How it works

- You identify real estate property that you would like to give; an appraisal will help you establish its estimated market value.
- We assess the real estate for compliance with our acceptance policies and gather appropriate documentation.
- Your gift can be placed in any of our charitable funds. For example, you can use your gift to create a Donor Advised Fund in your name, in the name of your family or business, or in honor of any person or organization you choose. You can then stay involved in recommending uses of the fund.
- Your gift qualifies for a tax deduction based on its full market value; you avoid the capital gains tax that would otherwise arise from the sale of the property.
- With gifts of real estate, your property gains translate into community impact, so you get a more rewarding return on a major asset.
- We handle all the administrative details.
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Real charitable value

Sandra and Cliff Stewart owned a summer home and had no heirs interested in inheriting it. At first, the Stewarts planned to sell the home and give the proceeds to charity. But after talking with their local community foundation, they realized that giving the home directly to the foundation would create the biggest, most effective gift, while providing the greatest benefits to them as donors. "It was a great option—we could give our house to charity through the foundation and start any type of fund, not to mention the tax benefits," says Sandra. The Stewarts learned they could also retain use of the home for their lifetime. "This way," Cliff explains, "we can spend our summers enjoying the home for the rest of our lives. And after our lifetime, the community foundation will use the proceeds to make grants from the Sandra and Cliff Stewart Fund."

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More benefits

A gift of real estate releases potential that has been tied up for years, enables you to make a bigger charitable difference than you may have thought possible, helps you avoid estate taxes, and minimizes or eliminates burden placed on your heirs. Charitable gifts of real estate range from personal residences and vacation homes to rental properties, farmland, and commercially developed land.

You may choose to give real estate outright and receive an immediate tax deduction or retain the use of the property during your lifetime and make a planned gift to your community foundation. You may also choose to convert real estate into a stream of income for the rest of your life by establishing a Charitable Remainder Trust or Charitable Gift Annuity with the community foundation. Doing this lets you transform a low-yield asset into a higher-yield, income-producing asset and claim a tax deduction for the charitable portion of the gift.

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