

VISIONS

Charitable Estate & Financial Planning Ideas from The Rotary Foundation



UNBURDEN YOUR HEIRS OF UNNECESSARY TAXES

Waiting to find out what is going to happen to the "IRA Rollover?" There are several other smart opportunities to consider that will help you maximize your assets, avoid unnecessary taxes and support your favorite charity.

Tax-advantaged retirement plans are a great way to invest in a comfortable future. Individual Retirement Accounts, 401(k)s and similar plans allow you to set aside pre-tax earnings during your working years that will grow over time without paying taxes on the earnings.

As you are no doubt aware, the taxes are due when you withdraw those funds from the account. Not everyone realizes that if you leave a tax-deferred retirement account to your children or others, they will also be required to make withdrawals and pay income tax on those amounts over what may be a relatively short period of time. If they

Did you know that by donating your retirement assets to Rotary, you can avoid unnecessary income taxes while helping to grow economies, improve health and provide access to clean water around the world? Because of smart donors like you, the residents of Sacala Las Lomas in Guatemala are able to install a gravity-fed water system and equip homes with safe running water.

are still in their peak earning years, their tax rate can really cut into the value of this inheritance. It may also be reduced even further by penalties for heirs who do not fully understand the rules.

Read on to learn how including Rotary in your planning can help you reduce or eliminate unnecessary taxes, provide additional financial security and secure your legacy of **Doing Good in the World**.



SMART PLANNING BENEFITS YOUR FAMILY AND YOUR LEGACY

Don't make the mistake of neglecting your planning just because you anticipate that the value of your final estate will be less than the \$5.4 million federal estate tax exemption (\$10.8 million for couples). For one, you may need to consider state taxes, which may be assessed at much lower thresholds. In addition, you should consider the impact of income tax liabilities you may be passing on to your heirs.

- For charitably-minded Rotarians, donating all or a portion of your retirement plan assets to charity is a real win-win. You leave other assets that do not carry a tax burden to your loved ones, provide a lasting legacy of good, and preserve the full value of the donated assets by avoiding income taxes altogether.
- You might even use your retirement funds to create a charitable giving account with Rotary's Donor Advised Fund that will provide ongoing support for your favorite charities or give your loved ones the ability to recommend distributions to their favorite charities.
- For those holding appreciated securities outside of a retirement plan who wish to reduce unnecessary capital gains tax, Rotary offers a number of opportunities for members to make gifts that reduce their income tax and capital gains tax, while at the same time increasing income from low-yielding investments. Gifts of this nature include charitable gift annuities, charitable remainder trusts and other time-tested techniques.

Endow your Rotary legacy by donating retirement assets to Rotary programs through your estate. The earnings from your gift could save the lives of mothers and infants by giving them access to hospitals and emergency medical equipment.

CHARITABLE IRA ROLLOVER UPDATE

Since 2006, Congress has periodically authorized special treatment of gifts made directly to a charity from a traditional or Roth IRA. Though not currently in effect, it is expected by many to be renewed for gifts made in 2015. If reinstated, someone 70½ years old or older can make a tax-free gift of up to \$100,000 to charity without increasing their gross income for tax purposes.

If you have not yet taken your required distribution for this year, you might consider making donations directly from your IRA to Rotary or other charities. If the IRA Charitable Rollover is renewed before the end of the year, it is expected that gifts will retroactively qualify for tax-free treatment. If not, you will simply report the amount withdrawn as income as usual, but will generally be eligible for an offsetting charitable tax deduction.

Read on to learn about how two Rotarians combined immediate gifts from an IRA and a future estate provision to support The Rotary Foundation and their financial futures.

GIVE TODAY- INCREASE INCOME LATER

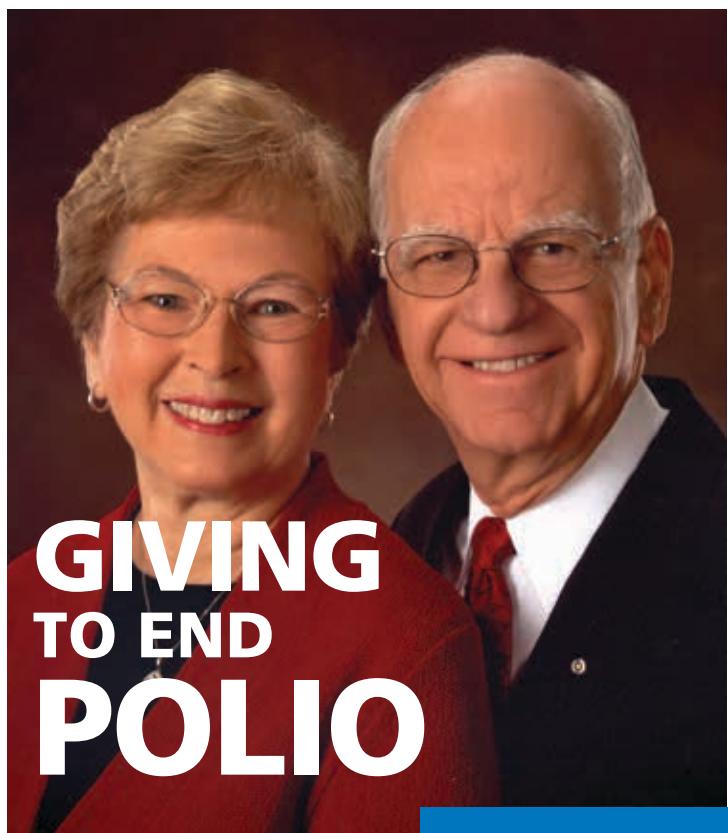
Whether you have a large required distribution or just want to take steps now, Rotary offers a unique way to use retirement assets to provide secure income later in life and a legacy gift to Rotary. When you donate retirement fund assets to the Foundation to create what is known as a *deferred gift annuity*, you receive a charitable deduction that will partially offset income taxes due on the withdrawal. The longer you postpone the beginning of payments, the larger your tax deduction and the higher your payment rate will be.

Let's see how an example would work:

work: If you are 75 years old and are required to withdraw \$50,000 from a tax-favored retirement account, your tax bill could be \$20,000 or more.

You could instead give \$42,500 to Rotary to fund an annuity that begins payments at 85 and reserve \$7,500 to pay income taxes. That is because the taxes on your \$50,000 withdrawal would be reduced from \$20,000 to approximately \$7,400 with your charitable deduction. Beginning at 85, you would receive fixed payments of \$4,547.50 (that's 10.7%), guaranteed for life. The tax savings would be used to help Rotary improve lives around the world.

Contact us for more information on how you can increase your future retirement income while benefiting Rotary as part of your long-range financial plans.



GIVING TO END POLIO

Marge and Fred Hahn

Past Rotary International Director Fred Hahn (Rotary Club of Independence, MO) and his wife Marge have been passionately engaged in Rotary's fight to end polio ever since they met renowned developer of the oral polio vaccine, Dr. Albert Sabin, at the 1985 Rotary International Convention in Kansas City. "Dr. Sabin told us 'Don't talk about eradicating polio: do it.' That sealed me on raising money for the cause," Fred said.

Fred and Marge have worked tirelessly to educate Rotarians about polio and help raise the funds needed to end this disease forever, including traveling to Ethiopia to participate in a National Immunization Day. In recognition of his dedication, Fred received the International Service Award for a Polio-Free World.

The Hahns have taken advantage of the IRA Charitable Rollover several times to donate retirement plan assets to support Rotary's initiative to end polio. This tax-advantaged way to give allowed the Hahns to maximize the impact of their contributions and achieve their goal of making a difference in the fight to end polio.

"Being able to make these gifts is rewarding. Both as a Rotarian and as a human being, I truly believe in President Ravindran's theme 'Be a gift to the world.' Marge and I try to live that." Rotary was honored to recognize the Hahns' generosity by inducting them into the Arch Klumph Society, which recognizes gifts of \$250,000 or more.

SHARING HOPES THROUGH ROTARY

Past District Governor Sarah Oliver and her husband Wally (Rotary Club of Wilmette Harbor, IL) embrace Rotary's global scope, while remembering that "Rotary is all about the local Rotarians and their clubs—if it weren't for the clubs, nothing would get done." The Olivers have attended 15 RI Conventions, where they have the chance to meet new people and share new ideas.

Sarah and Wally have made Rotary's Annual Fund the focus of their giving, including gifts of retirement assets. They have also included a gift to the Foundation in their will. In both cases, the Olivers chose to further designate their contribution to the SHARE system.

"With SHARE, a portion of the money you give comes back to your district," Sarah explained. "I like SHARE so much because it helps keep Rotarians working together. When I was District Governor, I met so many people out in the clubs who had important project ideas that they wanted to pursue. Through SHARE, they will have access to more money to accomplish their future goals."

Sarah has enjoyed her many district leadership roles—"I like helping people and encouraging them to achieve their goals." Her gifts to Rotary are an extension of her values. "We know we may receive tax benefits, but that was not our main goal. When you give to Rotary you make a new and fuller life possible for someone you will never know. That's a great feeling."



Sarah Oliver

FOR MORE INFORMATION

PLANNED GIVING TEAM

The Rotary Foundation
1560 Sherman Ave.
Evanston, IL 60201
Phone: (847) 866-3100 • Fax: (847) 556-2178
plannedgiving@rotary.org

The
Rotary
Foundation



Check out our easy-to-use web pages at:

www.rotary.org/plannedgiving

You'll find helpful information on gift and estate planning.