

LEGACY FOR LIBERTY

That's the American Way

PLAN TODAY FOR A SECURE FUTURE

Over the years our nation's strength and its economic success have been achieved, in large part, because of the philanthropic spirit that has always been a central part of our society. Over 90% of Americans report giving of their time or other resources each year. In fact, charitable gifts have grown significantly or remained relatively stable in every year since 1960.

If you are like many people, you might have wanted to make more gifts in support of charitable interests, but hesitated to do so out of concern for your own economic security or that of loved ones.

MEET MULTIPLE GOALS

In this newsletter, we will examine ways you can make generous gifts in support of your charitable interests while maintaining or even improving your financial picture.

Through careful planning, you may find you can meet a variety of personal and family financial needs while making special charitable gifts. It can be possible to make gifts while increasing income for yourself and/or loved ones, providing for inheritances, and reducing or eliminating gift, income, and estate taxes.

Including charitable interests in your overall estate and financial plans can be a simple process. In many cases you can accomplish the desired results through minor modifications of your existing plans.

LEARN MORE

Read on to learn how you can make meaningful gifts while you enjoy tax savings and other financial benefits. You may find you can enhance your current and future plans in ways that help maintain financial security for you and your loved ones. We will be pleased to work with you and your advisors as you consider how charitable gifts may be a part of your overall plans.

INSIDE:

- Learn the '4 Ps' of personal planning
- Give and retain income
- Ways to provide for others

Check out our website: pfaw.aboutgiving.net



HOW TO BEGIN WHEN MAKING OR UPDATING YOUR PLANS

When starting the process of making or revising your estate plans, you may want to begin with the “4 Ps” of estate planning.

PEOPLE

List the persons for whom you are now financially responsible and/or those to whom you would like to make future gifts. Many choose to list charitable interests, such as People For the American Way Foundation, as well.

PROPERTY

Next, list your income and the property you own. Include homes, automobiles, cash, stocks, bonds, mutual funds, mortgages, and other personal property. Include balances in pension, profit sharing, and other retirement plans and the value of life insurance policies.

Beside each asset, list its cost, its current value, any income it produces, and whether it is owned outright or with others. Also list all debts and payment terms.

PLANS

Your plans will begin to take shape as you review your list of people and consider how you wish to provide for them in light of your property. Study the properties you listed, looking for those that may match the needs of each person.

Assets that produce income might be useful for some loved ones. Other property that may be increasing in value but yields little income may best be used to provide for those for whom future value is more important than current income. Some properties may be more suitable for funding charitable gifts.



PLANNERS

A number of advisors may be called upon to assist as you implement your plans. The list may include your attorney, accountant, financial planner, trust officer, stockbroker, life insurance professional, or others. It may be best to choose one trusted advisor to help coordinate efforts with others. Feel free to discuss fees with your planners in advance; they expect and welcome such discussions.

Through effective estate and financial planning, you can make meaningful charitable gifts while you also increase income in retirement years; supplement the income of a parent, sibling, or other loved one; make educational funds available to children, grandchildren, or others in tax-favored ways; provide for inheritances while reducing or eliminating gift and estate taxes that may otherwise be due; and make charitable gifts using retirement fund assets that may otherwise be substantially depleted by income and estate taxes.

TAX PLANNING POINTERS

- Unlimited amounts may be left to a spouse free of possible estate tax.
- Full tax rates may apply at the death of the surviving spouse.
- Gifts for charitable purposes are totally exempt from federal estate and gift taxes.
- Retirement accounts may be taxed at higher rates than other assets.
- There has been no limit to the amount deductible from federal estate tax for charitable gifts.
- It is possible to leave assets to loved ones, make charitable gifts, and eliminate gift and/or estate taxes.

LET YOUR PLANS DO 'DOUBLE DUTY'

After providing for loved ones, many use wills, trusts, and other planning tools to make a “gift of a lifetime” to one or more charitable interests.

A gift through your will and similar plans can be a flexible way to make future gifts. It is possible to give:

- A specific sum or particular property
- A percentage of your total estate
- All or a percentage of what remains after first providing for loved ones

There is currently no limit to the amount of charitable gifts that can be deducted for federal estate tax purposes should such taxes apply. Charitable gifts can also result in tax savings under the laws of most states.

GIVING THROUGH LIFE INSURANCE

The need for life insurance can change as life progresses. You may have a life insurance policy that was purchased to pay taxes but is no longer needed for that purpose. Or perhaps you have a policy that was meant to provide for your children, but they are now self-sufficient.

You can name People For the American Way Foundation, or another favorite charity, to receive all or a portion of the policy proceeds that is no longer needed for its original purpose. You could also transfer ownership of an existing policy on which premiums are still being paid, or purchase a new policy naming PFAW Foundation as the charitable beneficiary. In either case, future premiums can be tax deductible.

GIVING RETIREMENT PLAN REMAINDERS

Are you aware that funds remaining in your IRA or certain other retirement accounts could be subject to estate taxes in the future, along with other assets?

And did you know that, unlike other assets, after payment of estate taxes your loved ones may also be liable for income tax on those amounts? The combined impact of estate and income taxes can, in some cases, absorb a large portion of retirement assets left to loved ones. That is why many choose to use retirement funds to make charitable gifts through their estates and leave other, less heavily taxed assets to heirs.



Co-founder Norman Lear and wife, Lyn, included a gift for People For the American Way Foundation in their estate plans. Norman and Lyn want to ensure that our vital work will benefit their grandchildren...and many generations to come.

SPECIAL PLANS FEATURE MANY BENEFITS

As part of the planning process, there are ways to make gifts that can result in financial benefits for you and/or your loved ones.

GIVE AND RECEIVE INCOME

Through a *charitable remainder trust* you may enjoy payments that are fixed, or will vary with asset values over time. The income may also be paid to a spouse or other loved ones. This plan may be a way to make a thoughtful gift while increasing your income from property that has increased in value but yields little return.

GIVE WHILE PROVIDING FOR HEIRS

Suppose you would like to support one or more charitable interests over time but would also like to provide for children or other loved ones in the future. Using a *charitable lead trust*, you can direct that charitable gifts be made over a period of time, with the property eventually distributed to loved ones at a time you decide, largely or completely free of gift and estate taxes that may otherwise be due.

GIFT PROMOTES DONOR'S VALUES

Jill Fatzter spent her career surrounded by books. After graduating as a philosophy major from Newcomb College of Tulane University in New Orleans, Jill went on to library school at the University of California Berkeley, then worked in academic libraries across the country, eventually becoming dean of library sciences at the University of New Orleans.

While she enjoyed her years in library administration, Jill says, "I spent my last five years at UNO just teaching classes for future librarians, which in many ways was the most rewarding part of my career."

Now that she is retired, Jill spends much of her time surrounded by the plants in her Austin, Texas garden. "I remember my parents growing a victory garden when I was little," Jill says. "Now I have a vegetable garden, and I try to preserve a remnant of the tallgrass prairie that was part of the original landscape here in the Texas Hill Country. One of the benefits of retirement is bringing out old hobbies that you haven't done in years!"

In addition to gardening, Jill is active in her community. "I am very involved in local political races right now, especially the race for the State Board of Education here in Texas. People are really paying attention to that race because they want to ensure that the Board is not filled with right-wingers who want to re-write history by changing the history curriculum standards," she explains.

She is also dedicated to several charitable organizations that promote her beliefs, such as People For the American Way Foundation. "When I was a member of the American Library Association, one of my activities was to lobby on behalf of academic libraries in Washington, D.C.," Jill says. "During one of those trips to D.C., I got involved with PFAW through their lobbying efforts, which I believe are critical. People don't realize that the power of gov-

ernment really is in the hands of the people, and PFAW gets more individuals involved with that decision-making process."

When Jill was updating her estate plans a few years ago, she knew she wanted to include People For the American Way Foundation as well as two other causes that hold special meaning for her. She decided to create a charitable remainder trust (CRT) that provides her with payments today, and will make meaningful gifts to the Foundation and the other two causes in the future.

"As a retired librarian living on modest investment income, I decided the best way I can help the organizations that I care about is to leave them money when I depart this earth," Jill says. "My CRT provides me with reliable income that I know is going to be there year after year. Plus, I am glad to know that my estate plans are in order and nothing will be left to chance."

While she enjoys the payments and tax benefits associated with her CRT gift, Jill quickly notes that the biggest benefit is "knowing that you are ensuring the future of an organization you believe really strongly in. PFAW Foundation represents the feelings about social justice and related issues I have had all my life," Jill says. "It is one thing to write blogs and complain about injustices. But PFAW goes to Washington, pounds the halls, and buttonholes the decision makers to get things done. I hope my gift to PFAW Foundation will help them continue to stand up for the rights of future generations of Americans."



Jill Fatzter



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