

**North Central Florida YMCA  
Endowment Fund**

**“Planned Giving Options”**



We build strong kids,  
strong families,  
strong communities.

**North Central Florida YMCA  
Development Director  
9315 SW Archer Road  
Gainesville, Florida 32608  
352-338-9627**

## North Central Florida YMCA Endowment Fund – Planned Giving Options

### I. Why Planned Giving?

#### Perpetuating Important Values

At times it seems like we live in a world that is too fast, too impersonal and too superficial. Institutions come and go so quickly we can't ever seem to figure out what they do or what benefit they provide to the community. In choosing one's charitable giving, we may feel like we are adrift with little passion for the agencies around us and no confidence that our donations will really "matter." That is why the North Central Florida YMCA (NCF YMCA) is such a breath of fresh air.

The NCF YMCA is a stable, mission-oriented, professionally-managed non-profit that remains a "light" for tens-of-thousands of children, adults, seniors and families in our community. The NCF YMCA has spent 40 years adapting to changing community needs and working hard to bring much-needed services to folks that otherwise would go without.

The YMCA is a gift that many of us have benefited from in our lifetime. It is a gift that we are obligated to give to future generations.

Many "Friends of the YMCA" (FOY) are helping to extend its influence beyond their lifetimes with gifts to the NCF YMCA's Endowment Fund. Such gifts can be directed to support the overall work of the NCF YMCA or can be designated to support a specific NCF YMCA program or branch.

The nation's tax laws provide incentives that encourage philanthropy in recognition of the singular role charitable organizations play in meeting our community's needs. Depending on the specific arrangement, you can expect some or all of the following benefits of a well-designed gift to the NCF YMCA's Endowment Fund:

- **Income tax savings through the charitable deduction for the value of the gift**
- **Avoidance of the capital gains tax on contributions of certain kinds of property that have increased in value over time**
- **Income for life, for a donor and/or other beneficiary**
- **The possibility of increased disposable income with certain arrangements**
- **Elimination of federal estate tax on the value of a gift passing to the YMCA upon the donor's death**
- **Reduced estate settlement costs**

When the YMCA is aware of your financial and philanthropic objectives, we can help formulate a plan that takes full advantage of the available tax benefits while

at the same time fulfilling your desire to benefit future generations of children and families through the NCF YMCA.

The YMCA welcomes the opportunity to confidentially discuss one or more of these options with you. Contact the NCF YMCA's Director of Development to arrange such a discussion.

### Tax Considerations

Taxes are a major consideration of most potential endowment contributors. The tax advantages of planned giving vary tremendously depending upon the method used, the state in which the gift is made, the federal tax regulations in force at the time, and the tax situation of the individual donor. Donors can realize tax advantages while retaining use of their assets for themselves and their families.

Generally, planned gifts to the Y qualify for federal income tax deduction. The rules for income tax deductibility are very specific and strictly applied by the Internal Revenue Service. The rules are meant to assure that if a charitable deduction is claimed, the charity involved will indeed benefit from the gift.

Gifts to charities are not subject to a gift tax. Planned gifts provide estate tax benefits either by qualifying for charitable contribution when a gift is made or by removing assets from the donor's taxable estate.

Obviously, the tax implications of endowment giving are complex and far-reaching. Those involved in planned giving, both the donor and the charity which is to benefit from the gift, should consult a qualified tax advisor in order to fully appreciate all tax implications and potential benefits accruing to the donor given the planned gift under consideration.

### Tax Advantages

Substantial tax advantages can be secured by properly using various planned giving methods.

By definition, planned giving involves financial planning. Certain gift techniques will allow donors to benefit from expert planning and management of their investments while retaining use of their funds. Donors can enjoy peace of mind that comes from knowing that their assets are secure and will be handled according to their wishes later on.

At the heart of planned giving is the sense of purpose and satisfaction that comes from helping others. Many people have the means and the desire to support a worthy cause. Helping them decide how best to act on this desire and spirit of generosity is at the heart of planned giving.

## II. What kind of Endowment Gifts are there?

### Types of Endowment Gifts

- ***Property Gifts***

#### 1. Cash & Cash Equivalents

Perhaps the most common gift to YMCAs comes in the form of cash, checks, drafts or money orders. Unrestricted gifts such as these allow the YMCA to use the funds where it is most needed. These types of cash gifts may also be designated for a specific program or service to which the donor feels the greatest affinity. An outright gift of cash is tax deductible for all taxpayers who itemize deductions.

One need not have ready cash to make a gift to the YMCA, though. If you own shares of stock in a company, you may make a gift to the YMCA of stock and the donor in turn receives a tax deduction equal to a fair market value of the stock.

Marketable securities also may be given to the YMCA to help meet community needs. Long-term appreciated securities are those which have been owned for more than a year and have increased in value since the time they were acquired.

A donor may also contribute securities through his or her stock broker or by providing the stock certificates directly to the Y. He or she may also contribute units owned in a mutual fund. These gifts help the Y respond to changing needs in the years to come.

#### 2. Real Property

A personal residence, farm, or commercial property that is debt free may be given to further the work of the NCF YMCA. In most cases, the Y will sell the property at fair market value. In some cases, the YMCA may retain the property as an investment.

#### 3. Tangible Personal Property

Art, furniture, equipment, collections and personal mementos that have appreciated in value may be donated to the YMCA. The fair market value of gifts can be deducted by the donor if the property can be used by the YMCA in carrying out its purposes and functions. For example, furniture for a meeting room, athletic equipment for a team, or toys for a child care center are examples of such related use.

#### 4. Bargain Sales

A bargain sale is the selling of appreciated property to the YMCA at a price less than its current fair market value. This is a way to contribute to the Y's work while recovering the costs of the item. The difference between the fair market value and the sale price is eligible for a tax deduction.

#### 5. Life Insurance

With the help of his or her life insurance agent, a friend of the YMCA can make a change of beneficiary on an existing, paid-up policy to assign all or a percentage of the policy proceeds to the YMCA. He or she may also designate the YMCA as the beneficiary of a new policy. For the donor to receive income tax benefits from a gift of a policy with cash value, the YMCA should also be made the owner of the policy. If the donor continues to pay premiums, they will be deductible if the donor itemizes deduction on his or her income tax return. Or annual gifts can be given to the YMCA so that it can make the premium payments.

- ***Wills & Bequests***

Recent research indicates that 80% of all planned giving comes in the form of wills and bequests. The reasons for making a will are compelling. Wills assure that a person's assets will be distributed as they want rather than as the state decides. The well-being of loved ones can be secured and the causes most dear to them can be strengthened. A bequest to the YMCA may be unrestricted to fill the most pressing needs or restricted to a specific program or service.

A bequest may be a specific amount, a percentage of one's total estate, or the amount that remains after all costs and bequests to other parties have been honored.

A bequest allows a valuable contribution to the Y, even if it comes from someone with a modest estate.

- ***Shared Gifts***

##### 1. Charitable Remainder Trust

To make this type of gift, a donor places income-generating or other assets into an irrevocable trust. The trustee can be the YMCA or another individual or institution the contributor names. The donor will receive income from the trust for his or her lifetime or for a number of years (up to 20) that he or she specifies.

A charitable remainder annuity trust is established with one lump sum contribution. It provides the contributor with a fixed life income based on a percentage (at least 5 percent) of his or her contributed value.

A charitable remainder uni-trust is an irrevocable trust that provides life income to one or more beneficiaries based on a fixed percentage (at least 5 percent) of the fair market value of the trust assets as re-valued each year. The contributor can add to it over time to increase the income from the trust.

With either type of trust, the contributor can take the current value of the YMCA's interest in the trust as a charitable deduction on federal and state tax returns in the year in which the gift is made. Potential capital gains taxes are avoided or deferred when appreciated assets are used to make the gift. At the end of the trust, the remaining trust principal is added to the YMCA's endowment fund.

## 2. Charitable Gift Annuities

With this type of gift, one contributes to the YMCA a certain amount of money and, in return, is guaranteed a life income at rates determined by the Committee on Gift Annuities, an organization of non-profits.

## 3. Pooled Income Fund

Like a mutual fund, this is a common fund involving a number of donors. Each donor receives a share of the fund's yearly income based on the amount of his or her gift. He or she may also avoid capital gains tax on appreciated assets given to the pooled income fund. A donor who is part of such a pool will receive income for his or her lifetime, plus a tax deduction in the year the gift was made. After the donor's lifetime, the market value of the gift will be available to his or her designated YMCA program or purpose.

## 4. Charitable Lead Trust

This is the flip side of a charitable remainder trust. In this case, the donor's family retains ownership of the principal, held in trust, while the income is assigned to the Y for a specific number of years.

Although the donor usually does not receive an income tax charitable deduction, the trust itself may receive an income tax deduction for the amounts paid to the YMCA. At the end of a designated period, the principal is released to the donor or his or her designee. This is a way to retain assets for future use.

## 5. Life Estate

A friend of the YMCA may also support the YMCA's endowment through a life estate. A residence or farm will be deeded to the Y while the donor and his or her spouse or other beneficiary retains full rights to the use of the property and can live on it for life.