

BEQUESTS

A charitable bequest is a gift to the Human Resources Foundation that is made through your will or living trust.

While you are alive, you retain complete control of your bequest assets. You may revise or cancel your bequest at any time, should your circumstances or desires change. When your estate is settled, the final form of your bequest will determine what the Human Resources Foundation receives and what it may do with it. Your estate will receive a federal estate tax deduction that is equal to the value of your gift at that time, which may save on estate taxes.

One of the great appeals of the charitable bequest is that it is very flexible.

Ways you can define the amount of your bequest to the Human Resources Foundation:

- A gift of a particular amount of money (ie: a gift of \$25,000).
- A gift of a specific item or items. (ie: a gift of 1,000 shares of ABC Corporation).
- A gift that will be made only if one or more conditions are met. For example, you give a gift of \$25,000 provided a particular heir is not still alive.
- A gift that will be made from the remainder of your estate once all other bequests, debts and taxes have been paid. For example, you give 25% of the rest, residue, and remainder of your estate. Often called a "residuary bequest," this approach assures your family will be taken care of before your estate makes a bequest to the Human Resources Foundation.

Options for telling HRF how we may use your bequest, once we receive it:

- A gift for our general purposes. This can be the most useful kind of gift because it allows us to put your gift to the best possible use at the time we receive it.
- A gift for a specific use, such as a service, program, special project, or area of interest that is important to you. It is best for you to consult with us before placing restrictions on your bequest to be sure we can carry out your wishes.
- An honorary bequest. This is a gift made in honor of someone. Any form of bequest can also be an honorary bequest. We would be pleased to recognize the people you wish to honor with your gift.

It is very important your bequest is accurately and clearly described so the Human Resources Foundation can carry out your wishes as you intended.

To avoid any possible question that your bequest is to our organization, be sure to identify HRF as follows in your bequest: **Human Resources Foundation**.

Bequest Alternatives:

In addition to adding bequest language to your will or living trust, here are a few other simple ways to make a gift:

- Make the Human Resources Foundation a designated beneficiary of a life insurance policy.
- Make Human Resources Foundation a designated beneficiary of a retirement plan.
- Instruct your bank to "pay on death", to Human Resources Foundation, some or all of a specific bank account.
- Instruct your brokerage firm to "transfer on death", to Human Resources Foundation, some or all of a specific brokerage account.

BENEFITS INCLUDE:

- Your estate will qualify for a federal estate tax deduction when it fulfills your bequest. Your estate may save estate taxes as a result, depending on the size of your estate and estate tax rules at the time your estate is settled.
- You will keep control over your bequest assets, should you need them during your lifetime.
- You will retain the flexibility to modify or cancel your gift anytime, should your circumstances or desires change.
- You will become a member of the Thomas A. Jenkins Legacy Society, HRF's society for recognizing all legacy donors.
- You will provide generous support through your legacy to the Human Resources Foundation.

CHARITABLE GIFT ANNUITY

A charitable gift annuity is a simple contract between you and the Human Resources Foundation.

In exchange for your irrevocable gift of cash, securities or other assets, the Human Resources Foundation agrees to pay one or two annuitants you name a fixed sum each year for life. The payments are backed by the general resources of the Human Resources Foundation.

The older your designated annuitants are at the time of the gift, the greater the fixed payments the Human Resources Foundation can agree to pay.

In most cases, part of each payment is tax-free, increasing each payment's after-tax value. If you give appreciated property, you will pay capital gains tax on only part of the appreciation. In addition, if you name yourself as the first or only annuitant, the capital gains tax will be spread out over many years rather than be all due in the year of your gift.

Payments are usually made in annual, semiannual, or quarterly installments. The minimum amount we can accept for a gift annuity is \$10,000.

BENEFITS INCLUDE:

- You will qualify for a federal income tax deduction. Note that deductions for gifts of long term appreciated property will be limited to 30% of your adjusted gross income. Gifts of cash, short term appreciated property, ordinary income property, and non-appreciated

property will be limited to 50% of your adjusted gross income. You may, if necessary, take unused deductions of either kind over the next five years, subject to the same 30% or 50% limitation.

- The annuitants you name will receive fixed annual payments for life, backed by the general resources of the Human Resources Foundation.
- If you fund the annuity with a long term appreciated asset (one you have held for more than one year), you will incur tax on only part of the gain. If you name yourself as an annuitant, this tax will be spread out over many years.
- Your estate may enjoy reduced probate costs and estate taxes.
- You will provide generous support to the Human Resources Foundation.

GIFT OF REAL ESTATE

A generous donor may make a gift of residential, commercial, agricultural property or other real estate properties. Making an outright gift of property that you've owned for more than a year offers these benefits:

You obtain an income tax charitable deduction equal to the property's full fair market value. This deduction reduces the cost of making your gift and frees cash that otherwise would have been used to pay taxes.

You eliminate capital gains tax on the property's appreciation.

The transfer isn't subject to the gift tax, and the gift reduces your future taxable estate.

One can also use a gift of real estate to fund a life income arrangement or, if circumstances allow, the Human Resources Foundation can purchase the property for a discounted amount. Making a gift of real estate differs from gifts of other tangible property in that it does not have to be related to HRF's purpose and can be sold immediately without jeopardizing the donor's charitable deduction.

RETAINED LIFE ESTATE

A retained life estate is a gift plan defined by federal tax law that allows you to donate your home or property to the Human Resources Foundation retaining the right to use it for the rest of your life.

As the creator of a retained life estate, you irrevocably deed to the Human Resources Foundation your home or property, but retain the right to use it for the rest of your life, a term of years, or a combination of the two. You may also use a vacation home to create this kind of gift.

While you retain the right to use your property, you continue to be responsible for all routine expenses - maintenance fees, insurance, property taxes, repairs, etc. If you later decide to vacate

your property, you may rent all or part of the property to someone else or sell the property in cooperation with the Human Resources Foundation.

When your retained life estate ends, the Human Resources Foundation can then use your property or the proceeds from the sale of your property for the purpose you designate.

BENEFITS INCLUDE:

- You will qualify for a federal income tax deduction. Note that deductions for gifts of long term appreciated property will be limited to 30% of your adjusted gross income. Gifts of cash, short term appreciated property, ordinary income property, and non-appreciated property will be limited to 50% of your adjusted gross income. You may, if necessary, take unused deductions of either kind over the next five years, subject to the same 30% or 50% limitation.
- You will retain the right to use your home or property for the rest of your life, a term of years, or a combination of the two.
- Your estate may enjoy reduced probate costs and estate taxes.
- You will provide generous support to the Human Resources Foundation.

LIFE INSURANCE

Life insurance can provide a great giving opportunity. Consider the following options:

- New Policy - You can fund a future gift for us and deduct premium payments. You can name HRF as the owner and beneficiary of a life insurance policy and make annual gifts in the amount of the premium payments. When the policy matures, the proceeds are paid to HRF.
- A fully paid up policy: Donating a fully paid-up life insurance policy naming HRF as irrevocable owner and beneficiary entitles the donor to a charitable income tax deduction for the cash surrender value of the policy.
- Existing Policy: Naming HRF as beneficiary of an existing policy, without changing ownership of the policy, does not generate an income tax deduction, but it is eligible for the estate tax charitable deduction and will provide valuable support to HRF when the policy matures.

GIFTS THROUGH AN IRA

President Obama has signed into law the Protecting Americans from Tax Hikes Act of 2015, extending the IRA Charitable Rollover permanently. The extension allows individuals age 70½ and older to donate up to \$100,000 from their IRAs to HRF tax-free. Donors do not receive an income tax charitable deduction. This provision allows donors to transfer money from their IRAs directly to HRF, without having to recognize the transfer as taxable income. Donors should consult their tax advisors about their specific situations.

The rules for the IRA Charitable Rollover are as follows:

- The donor is age 70½ or older on the day of the gift.
- The donor transfers up to \$100,000 directly from the donor's IRA to one or more qualified charities. This opportunity applies only to IRAs and not to other types of retirement plans.
- The donor pays no income tax on the gift. The transfer generates neither taxable income nor a tax deduction, so your donors benefit even if they do not itemize their tax deductions.
- The gift can satisfy all or part of the required minimum distribution for the year.
- The gift may not be used to fund a gift annuity, charitable remainder trust, donor advised fund or private foundation.
- The donor does not receive any goods or services in return for the rollover gift to qualify for tax-free treatment.
- Individuals interested in utilizing this provision to make a gift to HRF should contact their financial advisor for direction. HRF staff are available to answer any questions and provide necessary information related to HRF's qualifications as a 501c3 charitable organization.