We Can All Make A Planned Gift

FRASER, LTD. is a, non-profit organization that provides supports to adults with disabilities and children with special needs. Fraser, Ltd.'s legacy of service began in 1893 and continues its strong tradition in the Fargo Moorhead area. If you support our efforts and our cause matches YOUR priorities, you can help us establish a needed endowment for the many children and adults (and their families) who depend on our services each day. You can reach your philanthropic goals through our planned giving program.

Think about what has been important in your life's journey and how you can leave your legacy. By focusing on your values and passions you may make a planned gift which is a fit for you and your family. The following information provides an overview of the types of planned gifts that you might consider.

We appreciate your support and would like to hear from you. You may contact Sandra Leyland at 701-232-3301. Thank you!

A Menu of Planned Giving Methods

Benefits of Planned Giving

For charitably-minded people, there are numerous planning arrangements available. Through careful gift planning, individuals can often increase their ability to benefit society.

Charitable estate planning (planned giving) is compelling to many because the methods are well-defined in the Internal Revenue Code and are relatively easy to establish. Through thoughtful planning with trusted advisors, most interested donors can find the "right fit" for themselves, their family, and their favorite charities.

Planned gifts may help the individual achieve some or all of the following financial objectives:

- Increase annual income
- Supplement retirement income
- Reduce income taxes
- Reduce or eliminate capital gain tax
- Diversification of invested assets
- Management of invested assets
- Reduce estate taxes
- Replace gifted assets for heirs

Opportunities for Planned Gifts

There are a variety of "vehicles" and assets that are appropriate in various situations. The following information provides an overview of the more popular planning tools that are utilized in planned giving. Most planned gifts fall into three broad categories:

- Major outright gifts during life
- Irrevocable life income gifts
- Gifts which take effect at death of donor

Major Lifetime Gifts

Typically, assets which have increased in value (and are held for over one year) are beneficial to give during one's lifetime, since the donor receives a double tax benefit. One can usually deduct the fair market value of the gifted asset, while avoiding a potential capital gain tax. For some individuals, an additional benefit is the removal of the asset from estate taxation.

Appreciated Stock and Securities

Many individuals have investment assets which are worth more than their "cost basis". These assets, which include listed securities, mutual funds or even closely-held business interests, are excellent candidates for lifetime giving.

Real Estate

Farms, commercial and residential properties and "second homes" have often appreciated in value over time. Additionally, building depreciation deductions lower the owner's cost basis, creating additional tax liabilities when the asset is sold. For these reasons, real estate gifts are often contemplated by well-advised donors.

Personal Property
Examples include art, stamp collections, automobiles, musical instruments and the like. As with real estate and closely-held business interests, there are appraisal requirements for larger gifts of personal property.

Life Insurance
Many individuals find that they no longer need the protection afforded by an "old" policy and will gift the policy to a non-profit organization. Alternatively, one can purchase a new policy and donate its ownership to charity.

Life-Income Agreements

These tax-favored plans are available to donors who desire to make an irrevocable gift. Such an agreement will benefit one or more charities at their death (or at a specified future date), while the donor (and/or other selected beneficiary(s)) usually retains the right to an income stream during one or more lifetimes. These agreements are often funded with highly appreciated assets (worth more than their cost) such as real estate or stock. Increased income, income tax deductions, avoidance and/or deferral of capital gains tax and estate tax relief are potential benefits to donors.

Charitable Gift Annuity
The donor makes an irrevocable gift to a charity and in return receives fixed annuity payments for one or two lifetimes. The income beneficiary(s) is selected by the donor. Most charities use a rate table (based on age) suggested by the American Council on Gift Annuities. These rates are more favorable to elderly individuals, yet protect the interest of charities. Donors receive an income tax deduction for a portion of the value of the gifted asset. In addition, the income beneficiary(s) receives partially tax-free income for a period of years, and the donor receives capital gain tax benefits if the gift is funded with appreciated property.

A variation of this gifting method is the deferred gift annuity. Here, the income payments begin in a later year, typically with a higher return rate. Often, donors choose to defer their income until retirement age.

Charitable Remainder Trust
Donors make a substantial irrevocable gift to a trust that they have established and the selected beneficiary(s) receives annual payouts in either a fixed amount or an amount based on a fixed percentage of the year-end value of the trust assets. Selected charities typically receive the trust assets either upon the death(s) of the income beneficiary(s) or after a selected term of years. Some donors utilize part of the enhanced income they receive from the trust (as well as tax savings) to purchase life insurance to replace the gifted asset for the benefit of family members.

Leaving a Legacy

Many donors make revocable (can be changed) commitments to charitable organizations. The donor receives no income tax advantages from such gifts. However, estate tax benefits may occur for those donors who wish to maintain control over their assets until they are directed to charities at their death.

Bequests
It is important that we all maintain an up-to-date will or living trust, directing the disposition of assets at our death. Many Americans distribute a portion of their assets to charities as their final act of philanthropy. It is possible to favor charities with either specific asset bequests, a fixed dollar amount or a percentage of the "residual value" of one's estate.

Beneficiary Designations
Many assets may be directed at death through means which avoid probate. Retirement accounts, life insurance proceeds, financial accounts and other assets often pass through beneficiary designation. Changing one's beneficiary designations to include charities (all or in part) represents a simple but compelling way to direct one's assets for the public good.

Beneficiary designations on retirement plans (IRAs, 401(k)s, etc.) allow individuals to give a charity all or a portion of their retirement funds at death. It is also possible to name a charitable remainder trust to receive retirement fund assets and name one's spouse as the trust's income beneficiary. In either case, the donor has directed to charity an asset on which his or her heirs would have been subject to income taxation in future years.

NEW NORTH DAKOTA TAX CREDITS

Planned Gift Credit

Senate Bill 2363, which passed during the 2007 legislative session, enhances and augments Senate Bill 2391 which created an individual income tax credit for certain irrevocable planned charitable gifts made to qualified North Dakota charitable organizations after July 31, 2005. SB 2363 is effective for taxable years beginning after December 31, 2006.

The amount of the credit has increased to 40% of the Federal income tax deduction available from the planned gift. The maximum annual credit amount increased to $10,000 for an individual taxpayer and $20,000 for a joint return, which can be used to offset the North Dakota income tax in the year of the gift, plus a three year carryover.

It is important that charitable trusts and gift annuity agreements contain conforming language to follow the legislation's specifications and allow such gift arrangements to quality for the credit.

"Planned gifts" for purposes of this credit include:

- Charitable Remainder Trusts
- Charitable Lead Trusts
- Charitable Gift Annuities
- Charitable Pooled Income Funds
- Charitable Life Estate Agreements
- Certain paid-up life insurance policies

Gifts to Fraser, Ltd. are tax-deductible under Federal income tax law.