

PLANNED GIVING

★ A LASTING LEGACY ★



THE BARRY GOLDWATER
LEGACY SOCIETY



LETTER FROM THE PRESIDENT

EARLY ON A BLISTERING JUNE morning, in a stunning victory for free speech, the U.S. Supreme Court granted the Goldwater Institute's request for an emergency injunction to block the use of certain taxpayer funds in political campaigns. The ruling helped restore fairness in campaign finance and took a leap forward in protecting free political speech nationwide. This achievement, though, would not have been possible without the generosity and foresight of two committed Goldwater Institute supporters, Mr. and Mrs. Clarence Duncan.

Clarence and Katherine had supported the Goldwater Institute for many years, believing deeply in the importance of limited, constitutional government. With a planned gift, they made it possible for the Goldwater Institute to establish the Clarence J. and Katherine P. Duncan Chair in Constitutional Government. The Duncan's gift permanently endowed the chair, allowing the Goldwater Institute to defend constitutional principles, including in our most recent Supreme Court victory, in perpetuity.

Today, thanks to supporters of the Goldwater Institute, we are successfully restoring limited, constitutional government. When parents felt they were losing control of the schools, they came to us to fight for parental rights. When property owners faced losing their homes and businesses because of unconstitutional government efforts, they came to us to protect their property rights.



“Freedom has been the watchword of my political life. I rose from a dusty little frontier town and preached freedom across the land all my days. I believe in faith, hope and charity. But none of these is possible without freedom.”

BARRY GOLDWATER

When hardworking taxpayers said enough is enough, we were there with the policies and litigation that protected the states from Washington overreach so that all Americans would have more freedom. This may be why columnist George Will has singled out the Goldwater Institute for unique praise, calling us “America’s most potent advocate of limited government.”

I hope that you are reading this document because you already value the Goldwater Institute’s mission to defend freedom and want to see more victories like these. We are grateful for your support and hope that the methods and tools outlined here will enhance your ability to continue supporting the principles we share.

My colleagues and I are honored to be a part of the Goldwater Institute and grateful for the privilege we have to defend freedom day in and day out. Thank you for reviewing this booklet and the methods it provides for you to leave a legacy of liberty for today and generations to come.

A handwritten signature in blue ink that reads "Darcy Olsen".

Darcy Olsen

PRESIDENT & CEO

Cash Gifts

When Dave and Laura unexpectedly had an excellent financial year, they decided to make a generous cash contribution to the Goldwater Institute. While they already had been making modest annual gifts for years, they were able to make a sizable gift thanks to the sale of a second home.

A direct cash gift is by far the simplest and most common giving method. The gift is completed on the date delivered, mailed, or charged to a credit card. You receive an immediate income tax charitable deduction for the full amount of the gift, up to 50 percent of your adjusted gross income (AGI), for the year of the gift. If a portion of your gift is not currently deductible because of the AGI limitation, the unused portion is carried forward for five years.


A popular way to increase the power of a cash gift is to tap employer matching programs. Many employers offer a dollar-for-dollar match that can dramatically increase your level of support for the Goldwater Institute. These programs also are often available to retirees. Please check with your employer to see if you qualify for a gift matching program.



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Retirement Assets



Ed, a corporate executive, and his wife Marilyn, an attorney, carefully planned for their retirement for years. They invested after-tax dollars in their personal portfolio and contributed pre-tax dollars to their respective 401(k) plans. Recently retired, they rolled their 401(k) accounts into IRAs and, consequently, had to decide who should be named as the beneficiary of the IRAs. Given that IRAs – and retirement benefits in general – are subject to both income and estate taxes, they were astounded to learn about the sizeable tax bite.

Fortunately, a good financial advisor helped them craft a manageable solution. Their advisor pointed out that IRA assets pass tax-free when a charity is named as the beneficiary. So Ed and Marilyn decided to provide a sizable inheritance for their children and designate the Goldwater Institute as the beneficiary of their rollover IRAs. Aware that their IRAs may be reduced by IRS required lifetime distributions, Ed and Marilyn can rest easy knowing that any remainder will pass to the Goldwater Institute free of both income and estate taxes.



POLICY report

IRA assets pass tax-free when a charity is named as the beneficiary.

High taxes plague retirement account assets, but those taxes can be avoided with charitable giving. If your named beneficiary is someone other than a spouse, assets left in retirement accounts are subject to estate and income taxes. In fact, those combined taxes often exceed 75 percent.

When you designate the Goldwater Institute as the beneficiary of your retirement plan assets, your estate receives a charitable deduction and the Goldwater Institute receives a contribution that will help continue its work for years to come. Keep in mind that the designation of retirement assets cannot be made in a will but must be on a beneficiary designation form available from your employer or the company managing your retirement plan.

a State Courts Building



Appreciated Stock

When Linda's acquaintance approached her about investing in his startup company, she had some reservations. But recognizing his strong entrepreneurial abilities, she purchased 2,000 shares of Quincy Enterprises in 1990 for \$10 a share. Today that investment is worth \$100 a share. Linda could sell the stock for a net gain of \$180,000 (\$200,000 minus \$20,000). However, she would have to pay federal, state, and in her case local income taxes on the \$180,000 gain. Linda recognizes that a better alternative is to donate the shares to the Goldwater Institute, leaving her with an income tax deduction for the full \$200,000 current value of the stock and no capital gains tax.



Making a gift of appreciated securities can provide significant tax benefits.

Making a gift of appreciated securities to the Goldwater Institute can provide you with significant tax benefits. If you have owned the appreciated stock for more than one year, you can use the current fair market value of the stock as your charitable deduction, up to 30 percent of your adjusted gross income (AGI). In the alternative, you can use the above 50 percent limitation, but your deduction will be limited to the cost basis of your stock. If a portion of your gift is not currently deductible because of the AGI limitation, the unused portion is carried forward for five years, again subject to the applicable percentage limitation.

A significant benefit of giving appreciated securities is that you do not pay the capital gains tax on the appreciation that otherwise would have been required had you first sold the stock and then made a cash gift. A gift of stock can be easily completed through an electronic transfer. The Goldwater Institute is happy to work with your broker to complete the transfer.





Wills and Bequests



In 1985, Nate and his wife, Anne, started a restaurant featuring foods they loved from their world travels.

Their success blossomed into several locations across the United States and enabled them to support a variety of causes, including a school for children with special needs and their number one organization – the Goldwater Institute. After making provisions in their will for family, Nate and Anne decided to leave the Goldwater Institute an unrestricted bequest of \$1,000,000. They chose to make the gift “unrestricted” because it allows the Goldwater Institute to use the gift wherever it is most needed. An added benefit is that their estate will get a \$1,000,000 estate tax charitable deduction.



Naming the Goldwater Institute as a beneficiary in your will or trust is a simple, common way to help the Goldwater Institute further its important work. There are three main types of bequests:

1. A specific amount of cash or a specific asset.

Examples: *“I give the amount of \$100,000 to the Goldwater Institute”* or *“I give 500 shares of XYZ Corporation stock to the Goldwater Institute.”*

While bequests can be included in a new will or trust, you do not need to rewrite your existing will or trust.

2. A percentage of your estate or trust.

Examples: *“I give 25 percent of the residue of my estate to the Goldwater Institute”* or *“The trustee shall distribute 25 percent of the trust estate to the Goldwater Institute.”*

3. The balance of your estate or trust, after gifts to other beneficiaries have been made.

Examples: *“I give the entire residue of my estate to the Goldwater Institute,”* or *“The trustee shall distribute the balance of the trust estate to the Goldwater Institute.”*

All three types of gifts result in an estate tax charitable deduction to your estate equal to the amount of cash or the fair market value of the assets given to the Goldwater Institute.

The Goldwater Institute welcomes both unrestricted and restricted bequests. You may wish to make a restricted gift that supports a particular program at the Goldwater Institute or an unrestricted gift that allows the Goldwater Institute to determine the best use of your gift.

While bequests can be included in a new will or trust, you do not need to rewrite your existing will or trust agreement. If you already have a will or trust, a simple codicil or trust amendment can be drafted to make the gift to the Goldwater Institute.



★ WAYS TO GIVE

Charitable Gift Annuity

Jack's hard work in the trucking industry left him with a comfortable retirement. He is fortunate to have a pension and some interest income from savings. But his portfolio only generates an average 3 percent yield, and he would like to increase his income so he can do some traveling for pleasure.

A friend suggested that Jack set up a charitable gift annuity. He could transfer \$200,000 cash to the Goldwater Institute in return for a promise to pay an annuity of \$14,800 per year for Jack's lifetime. What's more, Jack would be entitled to a charitable deduction of \$99,436, and \$9,057 of each annuity payment would be treated as a tax-free return of capital. (These calculations are based on the donor's age and the prevailing interest rates.) Jack likes the fact that a gift annuity will give him extra income, generate a sizeable deduction, and leave something for the Goldwater Institute.



A gift annuity provides extra income, generates a sizeable deduction, and leaves something for the Goldwater Institute.

With a charitable gift annuity, you transfer cash or marketable securities to the Goldwater Institute and, in return, the Goldwater Institute issues an annuity contract to pay you or your beneficiary (or you and your beneficiary), a guaranteed annuity for life (or the life of the survivor). The annuity rate depends on your or your beneficiary's age and the type of annuity you choose.

The annuity payments begin immediately with a present gift annuity. A deferred gift annuity lets you defer the annuity payments to a future date. Upon the beneficiary's death, the Goldwater Institute retains the remaining principal.

The benefits of charitable gift annuities include a guaranteed income for life and an income tax deduction in the year of the gift for the charitable portion of the transfer (subject to certain limitations). If you give appreciated securities, the stock transferred is treated as part gift and part sale (i.e., a bargain sale), and you will be taxed on the part that is capital gain but you defer capital gains tax. A deferred gift annuity may be used in a variety of ways, including funding a college plan for a child or grandchild. Certain age and minimum donation restrictions apply to this giving device.

Kent and Jane spent years building a well-known boutique investment firm. But with no children to inherit the business, they were considering selling the firm. Their financial adviser, however, pointed out that the sale would result in a mountain of taxes. He suggested that they look into a charitable remainder trust (CRT). They would transfer their low-cost basis stock in the firm to the CRT while reserving an annuity for the rest of their lives. They also would designate a charity to receive what's left over – the so-called remainder - when the survivor dies. Kent and Jane would benefit from a charitable deduction in the year of the gift and, when the assets are sold, capital gains taxes would not be payable by the CRT.

★ WAYS TO GIVE

Charitable Remainder Trust

With a CRT, you transfer cash or property to an irrevocable trust that will pay you or you and a beneficiary an annuity for life or for a term of up to 20 years. When the CRT ends, the remaining assets pass to the Goldwater Institute. (You also can establish a CRT on your passing for a beneficiary or beneficiaries you select, with the remainder passing to the Goldwater Institute.)

Your retained annuity can be a fixed amount each year or a variable amount. In either case it is based on a percentage (at least 5%) selected when the CRT is established multiplied by the fair market value of the CRT property. If the annuity is a fixed amount, the percentage is multiplied by the fair market value of the property given to the CRT. If you select a variable annuity – called a unitrust – the percentage is multiplied by the fair market value of the CRT's assets as of a specified date each year. You can add to a unitrust in subsequent years. In either case, you are taxed on the annuity payments you receive each year.



A CRT allows you to assist the Goldwater Institute with its important work while you retain an income stream.

The CRT allows you to contribute a significant amount to assist the Goldwater Institute with its important work while you and/or your beneficiary retain an income stream. If you establish the CRT during your life, you receive an income tax charitable deduction equal to the value of the Goldwater Institute's remainder interest in the CRT.

Since a CRT is exempt from federal income taxes, it is not taxed if it sells the appreciated property, allowing you to defer or possibly avoid the capital gains taxes had you sold the appreciated property. This allows the CRT to invest the entire sale proceeds without paying income taxes and thereby potentially increase your annuity if you choose a unitrust. Also, the assets in the CRT are excluded from your estate for estate taxes. If you establish the CRT in your will or trust, your estate will receive an estate tax charitable deduction for the value of the remainder interest in the CRT.



Charitable Lead Trust



Mary was a vice president at a major software firm for many years. As she begins to think about the future, she wants to leave a meaningful legacy to the Goldwater Institute and to ensure that her niece, Avery, is financially secure. Mary has no children but has been like a mother to Avery, who is just beginning a medical career. Mary worries about how estate taxes could impact the assets she leaves behind. A financial adviser explained to her that a charitable lead trust (CLT) would allow the Goldwater Institute to benefit from the income from the assets for a term of years – say for 5, 10, or 20 years – and at the end of the term the assets would pass to Avery.



At the end of the CLT term, the remaining assets are passed on to the beneficiaries.

A CLT is similar to a CRT in that you transfer cash or property to an irrevocable trust, but in a CLT the Goldwater Institute receives the annuity payments for the selected term. When the CLT term ends, your beneficiary or beneficiaries (typically children, grandchildren, or other family members) receive the remaining assets. Any appreciation in the value of the assets is free of gift or estate taxes.

If the CLT is established during your life, you can take an income tax charitable deduction equal to the value of the charity's income stream, but then you must report the CLT's income earned each year even though it is paid to the Goldwater Institute. In the alternative, you can forego the income tax deduction, but then you would not be taxed on the CLT's income during its term. With a CLT, you also make a gift to the remainder beneficiaries, but the amount of the gift is "discounted" because they must wait until the CLT's term ends to receive the remaining assets. If Mary establishes the CLT on her death, her estate will receive an estate tax charitable deduction equal to the value of the income stream payable to the Goldwater Institute.

For More Information



F For more information or to initiate inclusion for the Goldwater Institute in your estate plans, please contact Ms. Kara Caldwell, coordinator for planned giving.

Kara Caldwell (pictured left) served in the U.S. military and returned to the Goldwater Institute after serving a tour of duty in Afghanistan. She is a founding member of the Goldwater Institute Legacy Society.

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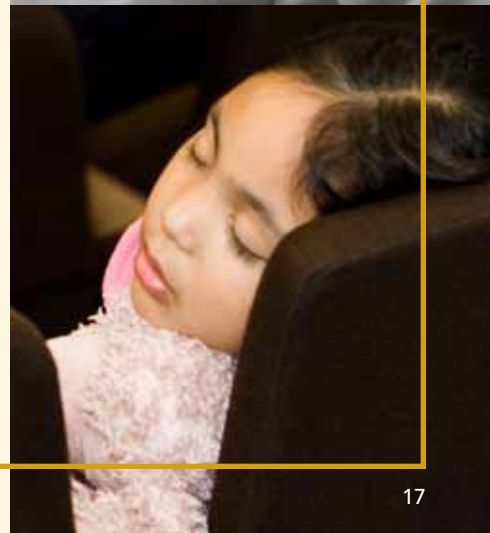


DISCLAIMER AND NOTICE

This pamphlet is not intended to, and does not, create an attorney-client or accountant-client relationship between you and the Goldwater Institute or anyone associated with the Goldwater Institute. Instead, you are and will be responsible for any legal, tax, and accounting matters you undertake through the information provided in this pamphlet.

This pamphlet merely presents charitable giving options to individuals, who are responsible for the preparation of their own legal documents. This pamphlet includes general information on commonly encountered legal, tax, and accounting issues and is not legal, tax, or accounting advice to anyone and does not apply the law to the facts of your particular situation. This pamphlet is not a substitute for the advice of an attorney, tax advisor, or accountant.

The law and the tax and accounting rules change, so the Goldwater Institute cannot guarantee that the information in this pamphlet is current. Further, the law is different from jurisdiction to jurisdiction and is subject to interpretation by different courts. The law and the tax and accounting rules must be applied to each individual, and no pamphlet containing general information fits every circumstance. Further, the information contained in this pamphlet is not a complete statement of the law or the tax and accounting rules applicable to the examples contained herein. You must obtain your own legal, tax and accounting advice for your specific situation and from your own professional advisors.





“Let us be sure that those who come after
will say of us in their time, that in our time we did
everything that could be done. We finished the race;
we kept them free; we kept the faith.”

RONALD REAGAN



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