

JABA Planned Giving Information

Who is planned giving for?

Planned giving is not only for the rich. Yes, it is especially significant for those with large investment portfolios; however, it is also a useful instrument for anyone with taxable assets. Planned giving, or estate planning, helps donors determine the most appropriate ways to address their heirs' important needs, while still reflecting personal wishes. By thoughtful will and trust arrangements, donors can benefit those who mean the most to them.

At what age do you plan your giving?

People often think planned giving is only for older people when it is appropriate for any forward-thinking philanthropic individual with substantial assets and a sincere interest in JABA.

What is planned giving?

A planned gift is a gift that a donor makes in consideration of all other financial planning objectives in order to maximize the potential benefit of the gift to the donor, as well as JABA, and to minimize the net cost of the gift. Considerations include the nature and size of the gift property, the economic consequences of the gift plan, and the tax implications of the gift.

Brief examples are:

- ✓ A **Bequest**, which is a simple and effective way to continue one's contribution to the JABA beyond one's lifetime within a donor's will.
- ✓ A **Charitable Gift Annuity** where the donor transfers cash or securities to JABA, in return for JABA's guarantee to make fixed quarterly payments, which last as long as the annuitant(s) live.
- ✓ A **Charitable Remainder Trust** where the donor considers an irrevocable transfer of cash, marketable securities, or other property to a trust. JABA makes an agreement with a trustee (usually a financial institution) that pays an income to beneficiaries for a lifetime and/or a term of years.
- ✓ A **Gift of an Insurance Policy** where the donor may take a contribution deduction for the replacement value of the policy and may deduct the premium if he/she continues to pay them as a contribution and save estate taxes.

Bequest - The gift that builds our future

An easy and low cost way to make a planned gift to JABA is to include JABA in your will or revocable trust. Bequests are a major source of endowment support at JABA. Each individual legacy contributes to our financial strength and ability to meet the needs of our students and faculty. If you have not already done so, please consider putting JABA in your will or revocable trust.

Types of bequests

- ✓ You can give almost any kind of asset to JABA through a bequest, including cash, securities, real estate (such as a residence), tangible personal property (such as works of art or antiques) or the remainder of your IRA, Keogh, tax-sheltered annuity, qualified pension or profit-sharing plan. Ask your attorney about your bequest options, such as specific bequests, residuary bequests, testamentary trusts and QTIP trusts.

Tax benefits

- ✓ A charitable bequest is deductible for federal estate tax purposes, and there is no limit on the amount of the estate tax charitable deduction your estate can take. In addition, bequests generally are not subject to state inheritance or estate taxes. In a large estate, the savings can be more than half the value of the bequest.

How to make a bequest

- ✓ A bequest to JABA can be made by creating a new will, adding to your existing will, or including JABA in your revocable trust. If you include JABA in a bequest provision, please notify Lida Hurst, Chief Development Officer.
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Life Insurance - The hidden gift asset

Our supporters often overlook the benefits of giving a life insurance policy to JABA. If you are carrying more insurance coverage than your family obligations now require, you may want to consider gifting an unneeded, paid-up policy. If you transfer all rights and incidents of ownership of your policy to JABA, you will be eligible for a charitable income tax deduction equal to the policy's cash surrender value or cost basis, whichever is less. The insurance policy must be whole life, not term insurance. The value of your gift for gift crediting purposes will be the cash surrender value of your policy on the date of transfer.

In certain cases, JABA will accept gifts of insurance policies for which continuing premiums are due. If you irrevocably transfer all rights and incidents of ownership of such a policy to JABA, JABA may elect to continue to pay the premiums. You may take an initial deduction for the cash value of the policy, and you may deduct any additional gifts you make to JABA in lieu of premiums.

Outright Gift of Personal Property

Personal Property - A way to share things of value

In certain circumstances, you may be able to gift personal property such as artwork, collectibles, and antiques to JABA. In donating personal property you will secure a charitable income tax deduction.

How it works is that you transfer a home, valuable painting, antiques, collectible or other personal property to JABA. JABA may elect to hold the property and display or use it in the furtherance of its mission. Or JABA may elect to sell the property at some point in the future and use the proceeds for its programs.

The benefits are

- ✓ you receive a gift credit and an immediate income tax deduction for the appraised value of your gift
- ✓ You pay no capital gains tax, provided your gift satisfies the "related use" requirements of the IRS.
- ✓ You can have the satisfaction of making a significant gift now to JABA without adversely affecting your cash flow.

In order for you to claim a full income tax deduction your gift of personal property must meet the "related use" requirements of the IRS. For gifts whose value exceeds \$5,000, you must secure a qualified appraisal to establish the property's current fair market value.

All gifts of personal property are subject to review and approval by JABA's leadership team.

Please, consult your legal and tax advisors before making any material decisions based on this information.

JABA reserves the right to cash in any policy it owns at any time at its sole discretion. Of course, you may designate JABA as the revocable beneficiary of a life insurance policy at any time. Such a designation will not, however, provide you with any immediate tax benefits.

