



MIDDLETOWN COMMUNITY FOUNDATION

We Connect People Who Care

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Estate Giving

Help Your Clients to Build a Lasting Legacy

Philanthropy offers valuable estate planning benefits and allows your clients to build charitable giving into their estate plans. In addition to providing for their loved ones, your clients may choose to create a unique fund at The Middletown Community Foundation or add to one they have already established so that they can make a difference for future generations.

The correct plan for your clients should balance what they wish to accomplish for themselves, their family, and their charitable interests in their overall estate and financial plans. The Foundation staff can work with you, your clients and their other professional advisors to help your clients to prioritize their goals, while achieving the most favorable income tax and/or estate tax benefits available. Some future gifts may allow your clients to receive an income during their lifetime and benefit their favorite causes after they have passed.

The Middletown Community Foundation Legacy Society

The Legacy Society recognizes those individuals who intend to leave a future gift to the community through a bequest, trust, life insurance policy, retirement plan, or other planned gift vehicle. As *Legacy Society* members, your clients can become a part of the Foundation donor family and they are acknowledged at our Annual Meeting and in our Annual Report (if the donor does not choose to remain anonymous). If the Middletown Community Foundation is part of your client's future giving plan, please let us know by contacting Duane Gordon, executive director at 513-424-7369 or via email at dgordon@mcfoundation.org.

Planned gifts include:

- Bequest by Will or Trust
- Retirement Plan Assets
- Charitable Gift Annuity
- Gift of Life Insurance
- Charitable Remainder Trust
- Charitable Lead Trust
- Gift of Residence or Farm

Bequest by Will or Trust

Your clients may name the Middletown Community Foundation in their will or trust thereby supporting their favorite causes to benefit the community in the future. Following are three options you and your clients may consider.

Specific Dollar Bequest

In its simplest form, a legacy statement in your client's will may read. *"I give, devise, and bequeath (\$_____), to the Middletown Community Foundation, Middletown Ohio, to be used as its Trustees see fit, or, for (indicate specific purpose)".*

Percentage Bequest

"I give, devise, and bequeath (_____% of my Estate, after taxes and debts have been satisfied), to the Middletown Community Foundation, Middletown Ohio, to be used as its Trustees see fit, or, for (indicate specific purpose)".

Residual Bequest

I give, devise, and bequeath the residue of my Estate after all other bequests have been paid, to Middletown Community Foundation, to be used as its Trustees see fit, or for (indicate specific purpose)."

- Donors may leave a specific dollar amount, percentage of their estate, or what remains after other bequests have been satisfied.
- Donors may create a named fund or give to an existing Middletown Community Foundation fund.
- Donors can arrange for their heirs to receive lifetime income from their estate with the remainder going to the Foundation for charitable purposes.
- Bequests to MCF qualify for a charitable deduction for the full donation so their heirs will not pay estate tax on those assets.

Retirement Plan Assets

A cost effective planning strategy is for your clients to use assets in their IRA or other qualified retirement plans and name The Middletown Community Foundation as the designated beneficiary of the plan at their death. This is a simple and effective way to benefit the community while avoiding significant, often unanticipated taxes.

- Donors can designate that after their death, assets remaining in the plan are to be contributed to a named fund at MCF.
- This can be far more advantageous than including assets in their taxable estate or leaving them to heirs, which may be significantly taxed.
- No estate tax or income tax is due on the retirement assets that will pass to MCF.
- In the situation of a retirement account having dropped below the specified dollar amount of the gift, provisions will be made as to how the balance will be secured.

Charitable Gift Annuity

With a charitable gift annuity your clients can make a charitable gift and secure a stream of income for life.

- A charitable gift annuity is a contract between the donor and The Middletown Community Foundation.
- Donors may transfer assets to the Foundation in exchange for the Foundation's commitment to pay a fixed amount to the donor for the remainder of their lifetime.
- Upon the termination of the gift annuity, the remaining assets are then contributed to establish a fund or add to an existing fund at the Foundation.

Gift of Life Insurance

For clients whose need for life insurance has decreased, making a gift of a no longer needed policy can be a convenient and effective way of meeting their charitable goals.

- Transferring ownership of a cash value policy to MCF makes the donor eligible for a charitable tax deduction based on its current value. This strategy may also reduce estate taxes (if applicable), since the value of the policy is removed from the donor's estate.
- Your clients can make life insurance part of their estate planning by naming MCF as a partial and/or contingent beneficiary of any insurance policy's death benefit.

Charitable Remainder Trust

Giving through a charitable remainder trust allows your clients to receive income for the life of the trust, with the remainder going to establish a fund or to be added to an existing fund at the community foundation.

- A CRT is a trust that pays either a fixed or variable income to the donor or the donor's named income beneficiaries' for life or for a fixed term not to exceed 20 years, or a combination of the two.
- When the trust term expires or when the trust terminates upon the last to die of the income beneficiaries, the remaining assets in the trust pass to MCF to establish a fund or to add to an existing fund at the Foundation.
- The donor receives a tax deduction for the present value of the gift the year the trust is funded.

Charitable Lead Trust

A charitable lead trust (CLT) enables your clients to make a significant charitable gift now while transferring substantial assets to beneficiaries later.

- A trust is set up from which MCF receives annual payments from the trust for the life of the donor or for a specific number of years.
- The distributions from the trust go to a fund your client has established at MCF and is administered according to the terms of the specific fund type your client has established.
- When the trust terminates, the remaining principal is returned to the donor or, more typically, to their children or other loved ones at a reduced tax cost, or possibly gift and estate tax-free.

Gift of a Residence or Farm

Your clients can use their property's value to benefit the community through a charitable gift of real estate.

- Your client can enjoy the property as long as they like while giving future ownership to MCF through their will, trust or other legal documents.
- Proceeds of the property's sale go to a fund established at MCF to support the donor's charitable goals.
- The donor receives an income tax deduction the year the contribution is arranged through the gift of a "remainder interest" when that strategy is used.
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We are here to help you and your clients

For assistance or for additional information on how the Middletown Community Foundation can help you to help your clients provide a legacy of caring and sharing to their community, please contact:

Duane Gordon, Executive Director
The Middletown Community Foundation
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Middletown, Ohio 45042
513/424-7369

Information is for Educational Purposes only and not intended as tax advice. Please consult your legal and tax advisor prior to making any decision.