

YOUR ROTARY LEGACY

The Tax Favored Planned Giving Program of the DENVER ROTARY CLUB FOUNDATION (DRCF)

SERVICE ABOVE SELF....

Rotary's motto has several layers of meaning.

- ▶ Giving not only of time, effort and attendance, but also of what we have acquired.
- ▶ Using creative ways to support Rotary's work in its primary areas of interest – youth and education.
- ▶ Contributing financially to the ongoing work of the committees and programs of the Denver Rotary Club.

A RECORD OF GIVING:

Since 1978, DRCF has provided over \$4.7 million to many projects including

- ▶ Denver Kids, Inc.
- ▶ Scholastic Arts awards
- ▶ World Community Service Projects
- ▶ High School and Vocational Scholarships
- ▶ RYLA and Rotary Youth Exchange
- ▶ Community Resources, Inc.; Shining Stars, and many others

DRCF FELLOWS PROGRAM:

Your contributions entitle you to be a DRCF Fellow at the following levels

- ▶ \$1,000 and above - Fellow
- ▶ \$2,500 and above – Silver Fellow
- ▶ \$5,000 and above – Gold Fellow
- ▶ \$10,000 and above – Diamond Fellow – Major Donor

PUT YOUR FAMILY FIRST –

but discover the many different ways of accomplishing that goal while leaving room for significant gifts to DRCF.

Establishing a legacy...through one or more of the following:

ENDOWMENT FUNDS

DRCF encourages Rotarians to establish endowed funds to help perpetuate not only the Club's goals and projects, but also the work of community non-profit organizations which are engaged in the various avenues of Rotary service.

As you consider making a gift for an endowed fund, please keep in mind the following criteria:

- ▶ Any amount may be given for general purpose unrestricted endowment.
- ▶ To create a new named endowed fund for general purposes, the initial gift must be at least \$50,000.
- ▶ To create a new named endowed fund for a specific purpose, the initial gift must be at least \$100,000.

ASSETS ONE MAY GIVE TO THE DENVER ROTARY CLUB FOUNDATION

Retirement Plan Funds

- ▶ IRAs
- ▶ Keoghs
- ▶ 401(k)s
- ▶ 403(b)s

Real Estate (subject to approval by DRCF)

- ▶ Commercial
- ▶ Residential
- ▶ Investment

Cash

- ▶ Amounts in an existing account
- ▶ Principal of a matured certificate of deposit
- ▶ Credit card contributions

Marketable Securities

- ▶ Stocks
- ▶ Bonds
- ▶ Mutual fund shares

Life Insurance

- ▶ Transfer of ownership
- ▶ Beneficiary designation

How may property be used to make a gift to a new or existing endowed fund?

Outright Gift

- ▶ Any asset, subject to approval by DRCF
- ▶ Tax deduction, generally for full value
- ▶ DRCF benefits when property is transferred

Charitable Remainder Annuity or Unitrust

- ▶ Appropriate for cash and appreciated property
- ▶ Fixed or variable payments to one or more persons, for life or up to 20 years
- ▶ Tax deduction for a portion of value
- ▶ DRCF benefits when trust ends

Bequest

- ▶ Through a provision in your will or living trust
- ▶ An alternative: designate retirement plan assets for DRCF
- ▶ Reduces estate taxation
- ▶ DRCF benefits at the end of your life

Charitable Lead Trust

- ▶ Assets likely to grow in value are best
- ▶ Income to DRCF for a period of time, then assets pass to heirs

- ▶ Reduces gift/estate taxation
- ▶ DRCF benefits while trust exists

SOME EXAMPLES OF PLANNED GIFTS

A Current, Outright Gift

Ms. P has stock valued at \$15,000 which she acquired for \$3,000 some years ago. If she sold the stock, she would owe \$2,400 in capital gains tax (20% of \$12,000). By contributing the stock to DRCF, she avoids tax on the gain and receives an income tax charitable deduction for the full \$15,000. In addition to satisfying her charitable inclinations, Ms. P saves \$5,400 in her 36% income tax bracket, meaning her \$15,000 gift to support DRCF “costs” her only \$7,200.

A Charitable Remainder Trust

Mr. K is 65 and his wife is 64, and they are nearing retirement. Among their assets is stock for which they paid \$50,000 and which is now worth \$250,000. They contribute the stock to a charitable remainder unitrust with a payout rate of 6.0% for their lifetimes. They pay no capital gains tax in connection with this transfer of ownership, and they receive an income tax charitable deduction of \$71,542. Their annual income from the trust will start at \$15,000 and will increase if trust assets grow in value. This income is considerably more than the dividends they were receiving. When the survivor of them dies, DRCF will receive the trust’s assets and use them for purposes designated in advance by Mr. and Mrs. K.

A Gift of Retirement Plan Assets at Death

Mr. D has assets worth several hundred thousand dollars in his 401(k) plan. At its current value, the joint estate of Mr. D and his wife would be subject to federal estate tax at the highest level (45%). Moreover, if Mr. D does not spend all the money in his 401(k) before he dies, what is left will be subject to income tax as well as estate tax, resulting in perhaps only 25% of the money passing to his heirs. Therefore, he decides to provide for heirs with other assets and designate DRCF as the beneficiary of his 401(k) at end of his life, at which point an endowed fund will be established. The full value of his 401(k) will qualify for an estate tax deduction, and the remaining 401(k) funds will not be subject to income tax.

A Charitable Lead Trust

Mr. and Mrs. W. have in their portfolio \$2 million of growth stock, which they would like to pass to their children when the children are more mature. To mitigate the potential estate tax and support DRCF, they fund a charitable lead trust with \$1 million of the stock. DRCF receives \$75,000 per year for 15 years. Thereafter, the stock still held by the trust will be distributed to the children. Under this arrangement, only \$299,215 of the \$1 million is subject to gift tax, even if the stock owned by the trust turns out to be worth considerably more than \$1 million at the end of 15 years.

These are only examples of possible gifts. You should always consult with your own financial advisers, tax counsel and/or estate planning attorney.

If you wish to make a bequest . . .
Be certain to have your attorney draft the
provision using our proper legal name:
“DENVER ROTARY CLUB FOUNDATION”

For further information and confidential attention to
your questions, contact:
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