



*Your gift can have a lasting impact for generations to come*

You can support Handi-Crafters in a variety of ways that will make a difference for future generations. Donations can be outright gifts or longer range planned gifts.

Outright gifts include cash, other assets, or property that you wish to donate immediately. Planned gifts are made over a period of time or through your estate plan.

### **Planned Giving Options**

#### **Gifts through Wills & Trusts**

Making a gift through your will or trust is the most common method of planned giving. There are no complicated tax rules to follow and you maintain control of your assets during your lifetime. This type of giving is very flexible, so you can always revise your plans as your needs change. There may also be tax advantages to your estate and heirs with this form of giving.

#### **Charitable Remainder Trusts**

A charitable remainder trust allows you to transfer assets into a separately managed trust that will provide you income for your life (and/or the lifetime of those you name), or for a specific period of years (up to 20 years). At the end of the trust term the remaining assets are donated to Handi-Crafters.

A trustee, selected by the donor(s), manages the assets of the trust, provides tax statements to the IRS and the beneficiaries, and issues payments to the income beneficiaries on a periodic basis.

There are two general types of charitable remainder trusts: the charitable remainder unitrust and the charitable remainder annuity trust. Please consult your financial advisor for more information on these options.

If you say there are two types, should we explain the two types?

## **Charitable Lead Trusts**

This donation strategy is generally appropriate only when donation amounts exceed \$500,000. A charitable lead trust holds an income-producing asset in a trust for a fixed term, or for the life of an individual. During this time, income is paid to Handi-Crafters. At the conclusion of the trust term, the asset is passed to your heirs (trust beneficiaries) and if properly drafted will bypass the estate taxes.

Gifts should be made payable to:  
Handi-Crafters Foundation  
215 Barley Sheaf Road  
P.O. Box 72646  
Thorndale, PA 19372

## **Outright Gifts**

### **Cash Gifts**

Gifts of cash are the easiest gifts to make. Many people make gifts of cash as part of Handi-Crafters' annual appeal and capital campaigns.

Outright gifts may be deductible for a percentage of your adjusted gross income and excess donations may be carried over for a period of years. As of this writing, gifts of cash are deductible up to 50 % of your adjusted gross income with a five-year carryover for any "excess" deduction amounts. Please review the current law with your tax advisor.

### **Gifts of Securities**

Owners of appreciated assets can obtain substantial tax benefits by gifting securities rather than selling the securities, paying capital gain tax and donating the net after tax amount of cash.

Donors of appreciated securities held long-term (i.e. more than one year and one day) will receive an income tax deduction equal to the fair market value of the stock on the effective date of their gift with no tax incurred on the appreciation. Conversely if, a person sells a security they will pay the capital gain tax and then only have the after tax amount available to the gift to charity.

Gifts of long-term appreciated securities may be deductible for a percentage of your adjusted gross income and excess donations may be carried over for a period of years. As of this writing, gifts of long-term appreciated securities are deductible up to 30% of adjusted gross income with a five-year carryover for any "excess" deduction amounts. Please review the current law with your tax advisor.

## **Retirement Plan Assets**

Careful planning for the disposition of retirement plan assets can help to avoid undesirable tax costs.

Because qualified plan assets are generally subject to both income and estate taxes at death, a donor may want to consider giving certain qualified plan assets, including IRA assets, to charity, while leaving certain capital assets, such as stock, to the donor's heirs. Because the estate tax laws have changed often and other changes are scheduled, you should review the current laws with your tax advisor.

Alternatively, a donor could establish a Charitable Remainder Trust at his or her death to receive qualified plan assets. The trust would make payments to the donor's heirs for the lifetime of a designated person, or for a term of not more than 20 years, with the remaining assets passing to Handi-Crafters at the passing of the designated person or the end of the designated term.

Any income tax on the plan assets transferred to the charitable remainder trust would then be deferred until paid to the designated heirs, and the estate would receive a charitable deduction based on the remainder value of the assets passing to Handi-Crafters.

Similar arrangement can be structured by your estate planning attorney so that funds are set aside for your child's lifetime with any remaining funds, beyond your child's lifetime passing to Handi-Crafters. This type of plan will need to consider special needs trust planning and charitable tax deductions.

## **Real Estate**

A gift of real estate, especially a gift of a principal residence or vacation residence, may be an attractive way of making a substantial donation to Handi-Crafters. Many of the same benefits provided for gifts of appreciated securities, such as a deduction based on the fair market value of the property and avoidance of any capital gains, are available for appreciated real estate. Donors may give the entire property or a fractional interest in real estate to Handi-Crafters. Gifts of real estate are subject to a review and approval prior to Handi-Crafters accepting a gift.

If you are considering a real estate gift, you may consider some of the following possibilities that may be advantageous to you.

### **Outright Real Estate Gift**

A gift of an appreciated piece of real estate owned for more than one year and a day may receive a tax deduction for the full current market value, thus avoiding any capital gains on the appreciated real estate. Your gift is subject to the same 30% ceiling for adjusted gross income as for securities.

### **Retained Life Estate Gift**

You can also make a gift of your personal residence, vacation home, or farm to Handi-Crafters and retain the right to live in it for the remainder of you and your spouse's lifetimes. During the time that you or your spouse are living at the residence, you would be responsible for the maintenance, insurance, and taxes on the property. A substantial income tax deduction would also be available to you based on the appraised value of the property. The size of this deduction is dependent upon the age of you and your spouse, if applicable, at the time of contribution.

### **Funding a Charitable Remainder Trust**

You may also use real estate to fund a charitable remainder trust, provided the property is not subject to a mortgage at the time of the gift. Generally, the property is transferred to a charitable remainder trust where, upon receipt of the real estate, the trustee can then sell the transferred real estate and invest the proceeds in income-producing securities which provide liquid funds for payments to you and/or any other individual, including your spouse, you may designate for a period of up to 20 years or the lives of those individuals so designated. The principal from the charitable remainder trust will go to Handi-Crafters at the end of the trust term. This relieves you of the burden of having to sell the property and creates the benefit of avoiding or deferring any capital gains incurred on the sale of property.

### **Personal Property**

The gift of tangible personal property to Handi-Crafters is also possible. By giving such items during your lifetime or at death, you may realize certain benefits and provide a way to donate. Gifts of tangible personal property that are related to the purpose of Handi-Crafters can generally produce a deduction equal to the fair market value of the property. Gifts that do not have a related purpose may generate a lower tax deduction, but can be attractive for contribution.

### **Life Insurance**

Donating a life insurance policy (either paid up or one on which the donor is still paying premiums) that the donor no longer requires for its original purpose is a generous and convenient way to make a valuable gift to Handi-Crafters. This is as simple as naming Handi-Crafters as the beneficiary on the policy and continuing to pay the premium. If you continue as the owner, Handi-Crafters does not need to be notified of the change and you reserve the ability to change the beneficiary in the future if your personal financial situation changes. For a tax deduction while you are alive, you can change the owner (and beneficiary) to Handi-Crafters. By changing the owner to Handi-Crafters, you will not be able to change the beneficiary in the future. The income tax deduction is roughly equal to the cash surrender value of the policy and should be requested from the insurance company at the time of

the ownership change. Your insurance agent or tax attorney can assist you in this. If you would like to change the beneficiary of a policy ask your advisor to change either the primary or contingent beneficiary (beneficiary if the primary beneficiary has already died) to:

Handi-Crafters Foundation  
215 Barley Sheaf Rd  
P.O. Box 72646  
Thorndale, PA 72646

Additionally, if you donate a policy while alive, Handi-Crafters, will request an illustration to determine if premium payments are needed and as the owner, may opt to pay the premium or cancel the policy for the cash surrender value if premiums are needed. Handi-Crafters will also ask if you would like to continue to make annual donations. Old life insurance policies are a very simple method of making a large and valuable donation to Handi-Crafters.

For more information or if you have questions, please contact:

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Handi-Crafters, Inc.  
610-384-6990 ext. 206  
brian.tagliaferro@handi-crafters.org

All donations are tax deductible and are acknowledged with a letter for tax purposes.

Handi-Crafters, Inc. is a 501(c) 3 non-profit, charitable organization. Verification may be obtained from the PA Department of State by calling toll free (in PA) 1-800-732-0999.

*Please consult with an attorney or financial advisor for special assistance in designing a giving plan.*