

## Our GIFT OF LIFE FUND

In 2010, we created the **Gift of Life Fund** at the Rochester Area Community Foundation

This Fund can accept planned gifts from anyone interested in supporting Mercy Flight Central so we can continue to provide our critical care air medical services to New York State and beyond.

Our **Gift of Life Fund** will benefit from the Community Foundation's complete investment management, administrative support, and access to a network of individuals and agencies that care deeply about the greater Rochester region.

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## WHAT IS PLANNED GIVING?

Over a lifetime, most people will experience many different financial needs and circumstances that can be summarized into four stages:

- Wealth Accumulation (ages 20-55)
- Preservation (ages 55-70)
- Distribution (ages 70 +)
- Transference (ages 70+)

Planned Giving encompasses these four stages through a process of charitable, legal, financial and tax planning, which can enhance your philanthropic goals and any pertinent tax advantages.

## WE APPRECIATE YOUR INTEREST IN MERCY FLIGHT CENTRAL

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A brochure cannot tell you *everything* you need to know about planned giving\* and what type of gift would be the most advantageous for your own financial and estate planning situation. Always check with your attorney, accountant or other tax advisor for additional information on how these general rules apply to your situation.

\*This introductory brochure is basic information on some of the best ways to plan your charitable giving and include Mercy Flight Central in those plans.

Not all of the available methods of giving and all of the tax ramifications of each form of gift could be included in this brochure.

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## CONTACT US

We would be pleased to provide you with additional information on Mercy Flight Central and the **Gift of Life Fund**.

For more details, contact our Development Department at:

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[www.mercyflightcentral.org](http://www.mercyflightcentral.org)



## Planned Giving Opportunities

*A brief guide to understanding your options and possible tax advantages.*

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We have created the **Gift of Life Fund** at the Rochester Area Community Foundation.

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Planned gifts to Mercy Flight Central may offer you significant tax savings, while ensuring that resources are available to continue our life-saving work now and in the future.

## GIFTS OF CASH

Currently, a cash gift entitles donors to income tax charitable deduction in the year of the gift. Gifts of cash may be fully deductible — up to a maximum of 50% of your adjusted gross income.

**For example:** *If your adjusted gross income for this year is \$50,000, up to \$25,000 of charitable gifts may be deducted this year.*

## BEQUESTS

You can name Mercy Flight Central as a beneficiary in your will by making:

- An outright gift, either a designated dollar amount or specifying a percentage of your estate.
- Mercy Flight Central a remainder beneficiary to receive funds only after specific sums have been paid to individual beneficiaries, such as family and friends.

It may be helpful to know that you can easily add us to your will through an amendment to your will called a codicil. Doing so means your entire will does not have to be redrafted.

## GIFTS OF STOCK

If you own stock, it often can be more tax-wise to contribute stock than cash because a gift of appreciated stock generally offers a two-fold tax advantage:

- You may avoid paying any capital gains tax on the increase in value of the stock.
- You may receive an income tax deduction for the full fair market value of the stock at the time of the gift.

**For example:** *If you purchased stock for \$1,000, and it is now worth \$10,000, an outright gift of stock to MFC would result in a charitable contribution deduction of \$10,000. In addition, there is no tax on the \$9,000 appreciation in value. You must own the stock for more than one year to qualify for these tax advantages.*

Gifts of appreciated stock may be fully deductible — up to a maximum of 30% of your adjusted gross income.

**For example:** *If your adjusted gross income for this year is \$100,000, up to \$30,000 of long-term appreciated stock may generally be deducted this year. Any excess can generally be carried forward and deducted over as many as five subsequent years.*

## GIFTS OF LIFE INSURANCE

A gift of life insurance may provide a significant charitable deduction. You could purchase a new policy or donate one that you currently own but no longer need. To receive a deduction, designate Mercy Flight Central as both the owner and beneficiary of the life insurance policy.

**For example:** *Mr. Smith owns a \$100,000 life insurance policy with a current cash value of \$35,000. By transferring the policy to Mercy Flight Central, Mr. Smith is able to receive a current charitable deduction of \$35,000. If Mr. Smith decides to continue paying the premiums on the policy after the gift is made, these premium payments will be tax deductible each year.*

## RETIREMENT PLAN BENEFICIARY

Tax-favored retirement plans have become an increasingly popular way to save money for retirement. These plans currently offer tax savings at the time the funds are contributed, and the funds build tax-deferred income until they are withdrawn. Many people choose to designate their loved ones as beneficiaries of retirement plan assets. However, by doing so, your loved ones may see only a small fraction of the gift. Currently your retirement assets may be subject to several types of taxes, including federal and state estate taxes, as well as income taxes, which could consume 70 percent or more of their value. You may avoid this taxation by making Mercy Flight Central a beneficiary of your retirement plan assets and using other less-taxed assets to provide for your loved ones.

**For example:** *Currently naming us as the beneficiary of a retirement account means that Mercy Flight Central will receive 100 percent of your retirement plan proceeds free of all taxes. Although the proceeds will be included in your gross estate, they will be completely deductible as a charitable gift.*

## LIFE INCOME GIFTS

Currently with Life Income Gifts, you may increase your income, receive a charitable contribution deduction and

avoid capital gains taxes. If you own stock that is paying you low dividends (around 2% or 3%), a “life-income” gift may be an appropriate gift. You could transfer the stock to Mercy Flight Central and establish a “charitable remainder unitrust” or “charitable remainder annuity trust” that may provide you with a 5% or greater annual return. This income would be paid to you and/or a loved one for life, after which the assets would be distributed outright to us. In this arrangement, you would be increasing your income and making a meaningful — and tax-deductible — contribution to us at the same time.

**For example:** *Mrs. Jones, age 70, purchased stock years ago for \$10,000 and the stock is now worth \$100,000. But, she receives only \$2,000 per year in dividends, or a 2% yield. By transferring the stock to Mercy Flight Central as a charitable remainder trust and specifying that she wanted a 6% return for life, she may:*

- Triple her annual income (from \$2,000 to \$6,000);
- Avoid the capital gains taxes she would otherwise incur on a sale of the stock;
- Be entitled to a charitable contribution deduction of approximately \$54,000.

**Note:** The amount of the deduction depends upon the age of the donor, the rate of return specified in the trust, the size of the gift, and other factors.

For more information visit our website at [www.mercyflightcentral.org](http://www.mercyflightcentral.org)

## CHARITABLE LEAD TRUSTS

Charitable lead trusts are essentially the reverse of the life income gifts described above. The income from the trust is first paid to us; the charity’s interest leads the way (hence the name of the trust). With this trust, you transfer assets to a trustee who makes payments to us for a specified number of years, after which time the assets are transferred to your heirs. The charitable lead trust allows you to pass assets on to your children and grandchildren either completely free or substantially free of all estate and gift taxes.

**NOTE: Always check with your accountant or other tax advisor for the advantages and drawbacks of making a planned gift based on your individual circumstances.**