

# Pathways

## *A Lasting Legacy*

A FINANCIAL AND CHARITABLE PLANNING GUIDE



## Encore!

The charitable IRA legislation is back for a repeat performance—don't miss this second-chance opportunity to make tax-free gifts from your IRA!

**Under the reinstated legislation, individuals 70½ or older can make gifts to qualified charitable organizations using funds transferred directly from IRAs without reporting it as taxable income.**

Before this new law, all individuals would have had to report any amount taken from their IRAs as taxable income, then take a charitable deduction for the gift, but only up to 50 percent of their adjusted gross income.

Once again, if you are 70½ or older, you can make the gift from your IRA to a charitable organization (excluding charitable trusts, donor advised funds and supporting organizations) and witness the benefits of your generosity. But don't wait too long, because this opportunity ends Dec. 31, 2009.

### Music to Your Ears

- In most cases, the transfer counts toward your minimum required distributions.

- The gift generates neither taxable income nor a tax deduction, so even those who do not itemize their tax returns receive the benefit.
- You may transfer up to \$100,000 directly from your IRA each year, in 2008 and 2009.
- The distributions may be in addition to or fulfill any charitable giving you have already planned.

### How the New Law Works

Pat, 80, has \$450,000 in an IRA and has pledged to give \$75,000 to a charitable organization this year. If Pat makes a direct transfer of \$75,000 from her IRA, she will avoid paying income tax on \$75,000. She cannot, however, claim a charitable deduction. Pat has found an easy way to give.

### For More Information

Please feel free to call the Community College of Philadelphia Foundation with any questions if you are considering a gift under this new law.



Retiree, Sandra Klein, and her husband Burton, made a significant gift to the College in support of the Sandra E. Klein Faculty and Staff Dining Room.

Community  
College  
of Philadelphia  
Foundation

# Start Receiving Benefits *Today*

When you make a donation to us now, we both benefit. Your generosity enables us to meet our pressing needs and you receive immediate tax benefits. If you would like to defer your giving to a later time, however, contact us about making a future planned gift—a way for you to make a gift without using any of the money in your pockets today. To learn about the rewards of a gift you make today, continue reading!

## Get Something in Return

The federal income tax deduction encourages the support of nonprofit institutions like ours by reducing the out-of-pocket cost of your generosity.

Each year you can deduct up to 50 percent of your adjusted gross income for cash gifts and 30 percent for gifts of capital gain property you've owned for more than a year. If your gift exceeds the ceiling, the excess deduction can be carried

over and deducted for up to five additional years.

You get two tax benefits from a gift of appreciated stocks or real estate you have held for longer than one year:

1. Complete avoidance of capital gains tax on the property's appreciation
2. A deduction for its current market value (instead of what you paid for it plus any improvements)

## Call Us



A gift you make today promises many benefits. Ask our representative to explain how your gift can be satisfying and cost-effective.

# Choose the Best Kind of Gift for You

When you consider making a donation today, be sure to determine the form of gift that makes the most sense for you.

**Cash gift by check.** With a cash gift, you receive an income tax deduction and give us immediate financial support. This is the most common and simplest method of making a contribution—though not always the most cost-effective.

### **Gift of a marketable security.**

This is the second most popular outright donation. If you have

held the security for more than one year and it has increased in value, you get a deduction for its current fair market value and avoid capital gains tax on the appreciation.

Suppose you like the particular security and want to hold it for further growth in value, but you also want to make a gift to us. Go ahead and donate the stock instead of cash, and then buy an equal number of new shares of the same holding. The replacement shares will have a new, higher cost basis, eliminating any future

capital gains tax on your prior appreciation when you eventually sell the stock.

**Additional gift options.** Other kinds of assets may also make desirable gifts. Seek professional counsel to ensure that you make the most of the gift for you and us.

- **Life insurance.** Consider donating a policy with cash surrender value that you no longer require for its original purpose.
- **Real estate.** An outright gift can produce substantial tax

# Q&A: Documenting Your Contributions

**Q. How do I document my gifts to ensure that I receive the tax benefits owed to me?**

**A. For cash contributions of any amount,** be sure to get a written acknowledgement of your contribution from the charitable organization. It must include the amount of cash contributed, whether you received any goods or services in exchange for the gift, and a description and good faith estimate of the value of any goods or services received.

**For gifts by check** of less than \$250, a copy of the check is

sufficient documentation. For a gift of \$250 or more, you should obtain a receipt.

**For noncash contributions,** the records you keep depend on whether your deduction is:

- less than \$250
- \$250–\$500
- \$501–\$5,000
- more than \$5,000

Requirements vary, but in general you must obtain a receipt from the organization indicating a description of the property. You must keep

records of the date, location and description of the contribution; its value; and the amount you claimed for a deduction.

Don't miss out on the benefits you rightly deserve because you didn't properly document your gift. If you have questions about how to document your contribution to our organization, please feel free to contact us.



savings and relieve you of the hassle of selling.

- **Bargain sale.** Arrange a sale of property to our organization at a price below its fair market value, thereby securing a deduction for the gift portion and reducing the potential capital gains tax.
- **Closely held stock.** If you are a major stockholder, a donation of nonmarketable stock can allow you to be generous at a low net personal cost.

## Learn How You Can Make a Difference Now!

Maybe you want to help others, but you just don't know where to start. Our FREE guide can help. *6 Easy Ways to Support What You Love Today* offers in-depth information on numerous ways to make an immediate impact. Return the enclosed reply card for your copy.

6 Easy Ways  
To Support What  
You Love Today

**FREE GIFT!**

# Be Wise With Your Will

A will is a formal way of specifying your final wishes about how best to dispose of your estate while sparing your loved ones a lot of confusion and anguish in your absence. It is also a way to support causes you care about.

It's important to make smart decisions when it comes to your will. Here are two common questions—and their answers—about this essential document.

## What happens if I die without a will?

If you spell out your intent with a valid will, then you—rather than state law—will determine how your estate is distributed. Therefore, by specifying your intentions, your loved

ones will receive the inheritance that you intended, and a charitable organization such as the Community College of Philadelphia Foundation can continue to receive your generous support.

## Where do I start?

Begin by consulting an attorney in the state where you live. The attorney will match how you want your estate distributed with the best planning strategy to accomplish your goals, at the lowest tax cost. This type of planning is beneficial whether you want a simple plan, have a sophisticated estate or wish to include bequests—gifts in your will—to the Community College of Philadelphia Foundation. Contact us for sample bequest language or with any questions.



## Please save the Date: Tuesday, Dec. 16

The 2nd Annual Pathways Breakfast, which will be held Tuesday, Dec. 16, at 8 a.m. at the Union League of Philadelphia, will honor individuals and organizations for their extraordinary dedication to students and their educational endeavors. Honorees include John C. Bogle, founder of Vanguard, recipient of the Bonnell Award; Sharmain Matlock-Turner and the Greater Philadelphia Urban Affairs Coalition, Civic Investment Award; Sylvia Hayre Randolph, Community Philanthropist Award; Joseph A. Frick and Independence Blue Cross, Corporate Partnership Award; Robin Mackintosh, CBS 3 (retired), Alumni Achievement Award; and Susan Sherman and the Independence Foundation, Foundation Keystone Award. CBS 3 anchor Pat Ciarrocchi will serve as master of ceremonies. Tickets are available for \$50 each; sponsorship opportunities are also available. For more information, please visit [www.ccp.edu/site/pathways/](http://www.ccp.edu/site/pathways/) or contact Elise Morgan at [emorgan@ccp.edu](mailto:emorgan@ccp.edu) or (215) 751-8022.

Proceeds benefit student scholarships and College programs.

Community  
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of Philadelphia  
Foundation

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