

Ways of Giving



When completed the project will be a unique, open institution, a gathering place where people will have access to information, technology, shared common spaces, and traditional library services. The project is positioned to build the community's capacity for economic activity and resilience. Many families and caregivers rely on the library to provide important preschool reading and learning. Many people entering the workforce rely on libraries to get them online. Local businesses are increasingly tapping into the library's online databases to keep themselves competitive and to find synergistic business opportunities.

Your gift can make all the difference in the success of the *Inspire...Building a Center of Discovery Campaign*. In return for financial support, you may take comfort and satisfaction in the knowledge that your own journey has been a meaningful one, that your generosity will directly impact the lives of others.

Please join neighbors, friends, businesses, the people of Polk County and others with your own commitment to Inspire... Building a Center of Discovery.

All gifts are tax deductible and Mill Pond Learning Foundation is recognized as a fully-qualified, not-for-profit organization under Section 501(c)3 of the Internal Revenue Code.

It's Your Decision!

Inspire...Building a Center of Discovery is a campaign with a \$4 million goal. When a donor makes a gift to the Mill Pond Learning Foundation campaign, the funds are invested and placed in a restricted account until they are used for a specific project.

Additionally, there are several opportunities for the endowment of program-specific gifts. You can designate your gift to any one of the key project areas targeted in the campaign. Or you can simply give toward the overall campaign goal.

Gifts of Cash and Cash Pledges

Gifts of cash may be mutually beneficial, providing funds for the Discovery Center and tax savings for you. Pledges covering a period of three to five years are most welcome since the campaign goals and objectives are expressed over this time frame. Some donors may wish to consider longer or shorter arrangements. Flexibility is a key.

Gifts of Stock and Other Securities

Appreciated stocks, bonds, U.S. Treasury notes and bonds, and mutual funds make excellent gifts to the Discovery Center, at the same time resulting in additional tax savings for you. Contribute securities that have increased in value and avoid capital gains tax that is incurred when you sell appreciated assets. You'll also get a charitable tax deduction for the full market value of the assets, regardless of what you paid for them.

Gifts Planned or Deferred

A bequest in your will or a living trust can be an effective way of making a gift to the Discovery Center while reducing the taxable portion of your estate. Whatever your goals or financial situation, planned giving offers a number of options from which to choose. The following offers some ideas of how to plan a gift that's right for you, and is not a substitute for advice from our professional planned giving staff and your own advisors.

As you consider your options, remember that everything you own may be subject to federal estate tax. Charitable deductions allow you to deduct every dollar you give to charity through an outright bequest. Also, property placed in a charitable trust generally will not be subject to federal estate tax when the donor dies.



Example of giving stock vs. cash to the *Inspire...Building a Center of Discovery Campaign*

Your path to this gift

You're considering an outright gift made during your lifetime
 > You're holding stocks that have risen in value > You want to maximize your deduction but not affect your cash flow

The most common appreciated asset and the easiest to donate is marketable stocks and bonds. The IRS still offers you a notable tax break for charitable gifts: you may deduct the full, fair market value of appreciated assets that you give us, and also avoid capital gains liability on the transfer. This means that you can leverage a larger donation if you use an appreciated asset to make your gift instead of cash.

How you can give more with appreciated stock vs. cash:

If you are considering a charitable contribution this year, it is in your best interest to seek out the most effective manner in which your money can work for you. Gifting appreciated stock is one of the most effective means of tax savings available — courtesy of today's U.S. tax laws.

The Benefits of Gifting Appreciated Stock

1. The satisfaction of knowing your money is invested in a cause important to you.
2. Capital gains taxes on the stock are avoided.
3. You will be eligible to receive an income tax charitable deduction for the full fair market value of the stock at the time of the gift.

To qualify for these special tax advantages, the security must have been held for at least one year. A gift of stock in certificate form should be postmarked by December 31 or your financial advisor can arrange for a year-end gift of stock from your account.

Your gift of appreciated stock is fully deductible up to 30% of your adjusted gross income. For example, if your adjusted gross income is \$100,000, up to \$30,000 of long-term appreciated stock and other capital gain property may generally be deducted, although high-income donors may be subject to a partial phase-out of itemized deductions. Any excess can generally be carried forward and deducted over as many as five subsequent years.

How Giving Away \$10,000 in Stock Can Benefit You

Take a look at the tax savings of donating securities versus a cash gift. The chart below assumes you wish to donate shares of stock worth \$10,000 that you purchased for \$2,000 several years ago.

- **How will your gift of stock be valued?** It's the average of the high and low prices for the stock on the date of the transfer to us. If the high bid was \$80 and the low was \$70 on the day you made your gift, your deduction will be \$75 per share.
- **When is your gift complete?** If your stock is held by your broker, it's the date the shares reach our account. If you hold the stock yourself and mail it to us, it's the postmark date on the envelope.

	DONATE APPRECIATED SECURITIES OUTRIGHT	DONATE 10,000 CASH	SELL SECURITIES AND DONATE CASH
Charitable Deduction	\$10,000	\$10,000	\$10,000
Ordinary Income Tax Savings (assumes 35% rate)	\$3,500	\$3,500	\$3,500
Capital Gains Tax Paid (assumes 15% tax rate on \$8,000 gain)	\$1,200 saved	N/A	\$1,200 paid
Net Tax Savings	\$4,700	\$3,500	\$2,300

- **How should you transfer securities to us?** Please contact our Director of Development for the instructions and forms you will need to complete the transfer. Can you deduct the full amount of your gift? Yes, within this limitation: the IRS says that you can deduct gifts of appreciated assets up to 30 percent of your adjusted gross income (“AGI” -- the figure at the bottom of the first page of Form 1040. See glossary for full definition). Thus, if your AGI will be \$100,000 this year, you will be able to deduct up to \$30,000 in gifts of stock. A gift in excess of the 30 percent amount is not wasted, however, because the IRS allows you to carry forward excess deductions through the five tax years following the year of your gift.

Note that the IRS allows cash gifts to be deducted up to 50 percent of adjusted gross income. Therefore, the deduction for a large gift of appreciated assets could take longer to claim than the deduction for the same gift made in cash. But if the donated assets had a small cost basis, they could still be more tax-efficient to use than cash.

Gifts Providing Income to You:

Charitable Remainder Unitrust

By transferring highly-appreciated, low-yield property into a charitable remainder unitrust you can bypass capital gains taxes, increase your income, and enjoy a charitable income tax deduction. After your lifetime, or a period of years, the remaining principal is gifted to the Discovery Center.

For example, you might transfer into a unitrust stock that originally cost \$25,000 but now has a fair market value of \$100,000 and a current yield of 3%. If you select a 7% payout rate you will increase the annual income from your investment from \$3,000 to \$7,000. You will also bypass the \$75,000 gain and receive a substantial income tax deduction.

Note that a unitrust pays a variable income based on a percentage of the fair market value of the trust assets, as revalued annually. You choose the payout rate based on your own needs. A low rate allows the trust assets to grow more rapidly, providing you with the opportunity to increase your future income.

Charitable Remainder Annuity Trust

An annuity trust is like a unitrust except it pays a fixed income based on the percentage you choose and the value of the assets when the trust is established. For example, if you establish a 7% two-life annuity trust with assets of \$100,000, you and your spouse would receive \$7,000 each year for the rest of your lives.

Charitable Gift Annuity

A charitable gift annuity pays you a fixed dollar amount for life, or for a period of years. The amount, guaranteed by the Discovery Center, is determined at time of contribution and is based on your age, and, if you have designated another beneficiary, on his or her age as well. For senior citizens, annuity rates may be 8%, 9%, or even higher. Part of the annuity payment is tax-free, and the initial charitable deduction offers substantial income tax savings.

Deferred Gift Annuity

With a deferred gift annuity you can defer the receipt of income until a later date, such as retirement. This has multiple benefits: your annual income will probably be lower when payments begin, and the contribution secures a current income tax charitable deduction.

Consider the Benefits

Benefits vary depending on the gift you choose, but most options offer:

- Immediate federal income tax deduction for all or a portion of the value of your gift.
- Elimination of capital gains tax at the time of transfer, if the asset is in the form of real estate or securities that have appreciated in value.
- Increased financial security for you or your heirs while providing meaningful support for a valuable community resource.
- Income for life paid to you and/or another beneficiary, such as a spouse or other family member.
- Increased income if a gift is made to a life income plan that produces a higher yield than the donated asset (often the case with securities).



For more information on ways of giving:

Inspire...Building a Center of Discovery Campaign

Mill Pond Learning Foundation

213 N. Cascade Street

PO Box 791

Osceola, WI 54020

Telephone: (715) 294-3753

www.InspireOsceola.org

