BLUE VALLEY FOUNDATION LEGACY GIVING OPTIONS WITH EXAMPLES

Naming Golok Blue Valley Foundation in Your Will or Living Trust

You can name Golok Blue Valley Foundation as a beneficiary in either your will or through your living trust. This gift can be either a specific bequest, a remainder bequest, or a contingent bequest. It is important to know that you retain full use of any deeded property for life given to a charitable organization. There is the potential to receive income, capital gains and gift tax savings now for that future gift. Such a “planned gift” allows the donor to benefit, as well as the charitable organization.

Specific Gifts in Either Your Will or Living Trust:

With a specific bequest you would leave a specific amount of property to Golok Blue Valley Foundation. Golok Blue Valley Foundation would be honoured to receive any property which you would like to bequeath to us. If there is some question about Golok Blue Valley Foundation’s ability to handle or maintain certain property please contact us.

It is important to understand that, if you do make a specific gift, if for some reason you no longer own that specific property at the time of your death, Golok Blue Valley Foundation will most likely receive nothing.

For example, this could be a specific dollar amount:

I hereby make the following specific gift of $_________ dollars to Golok Blue Valley Foundation.

It could also be a specific gift of particular property:

I hereby make the following specific gift of the following described real property _______________, located in _______ County of the state of _________________

Or:

I hereby make the following specific gift of my account number ____________ at the following financial institution ____________________.

Remainder Bequests in Your Will or Living Trust:

A remainder bequest is usually a percentage of the amount of your estate which is left after the costs of estate administration, taxes, and satisfaction of any specific bequests. In this case you would be giving Golok Blue Valley Foundation a percentage of your estate, along with other family members, loved ones, or other charitable groups. A remainder bequest to Golok Blue Valley Foundation might look like the following:

Example:

I leave the remainder of my estate to the following individuals and charitable organizations in the percentages as noted:

My spouse X%
Golok Blue Valley Foundation Y%
Important Note X% and Y% must add up to 100%

Or,

I leave the remainder of my estate to the following individuals and charitable organizations in the percentages as noted:

Child 1	X%
Child 2	Y%
Golok Blue Valley Foundation	Z%

Important Note X%,Y%, and Z% must add up to 100%

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Contingent Gifts in Either Your Will or Your Living Trust

A contingent bequest is a gift you make in either your will or your living trust which will only be filled if no one you have named to receive either a specific or remainder bequests is living at your death.

Example: A contingent bequest to Golok Blue Valley Foundation might look like this:

In the event none of the individuals or organizations I previously named in this will (or living trust) is living or are in existence, at the time of my death, I hereby leave the entire remainder of my estate to the following individuals and organizations in the percentages as noted:

Golok Blue Valley Foundation	X%
My Dear Friend	Y%

Important Note X% and Y% must add up to 100%

Naming Golok Blue Valley Foundation as a Beneficiary of a Retirement Plan or Life Insurance Policy

When you name a person or charitable organization (such as Golok Blue Valley Foundation) as a beneficiary of either a life insurance policy, annuity contract, or retirement plan, the named beneficiary receives that completely independent of what you may have said in any will or living trust.

Naming Golok Blue Valley Foundation as a Beneficiary of a Retirement Plan

Golok Blue Valley Foundation has been approved as an exempt organization charity by the Internal Revenue Service under Section 501(c) (3). Leaving certain retirement plan amounts directly to an exempt organization can be a good planning strategy for some people.

Example:

Certain retirement plan (such as IRA's, 401(k), and 403(b)) distributions are taxable income to the beneficiary who receives them. An exempt organization charity is not subject to income taxation, so any retirement plan benefits which the exempt organization receives as beneficiary on the plan participant's death pass without income tax.By skilfully structuring beneficiary designations, you can actually minimize income taxes resulting at your death, and increase the amounts which will go both to your family members and a charity. The following is an example of how this would work:

Say your estate would be worth $600,000 at your death, and $180,000 of that is in an IRA (*but not a Roth IRA!*) If you leave your estate one-third to your two children and a charity, then each child could receive one-third of the IRA, subject to income taxes.

The $60,000 each child receives will be income to the child. At a 25% tax rate $15,000 per child is potentially lost to income tax. In this example, each child effectively only receives $185,000 while the charity (which does not have to pay income tax on the $60,000 it receives) gets the full $200,000.

Consider, instead, if you were to name the charity as the only beneficiary on your IRA, and name your children as equal beneficiaries (50%-50%) in your will or living trust. In this case your children would each receive $210,000 not subject to income tax, and the charity would receive the full $180,000 from the IRA not subject to income tax.

As a registered exempt organization, if you choose to name Golok Blue Valley Foundation as a beneficiary of any retirement plan, it will be able to take advantage of your gift without any loss to taxes.

This is a very general example to show the tax benefits of naming an exempt organization charity as the beneficiary on a retirement plan. It is important to seek competent tax or legal advice when naming retirement plan beneficiaries to assure that it is done properly.

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Naming Golok Blue Valley Foundation as the Beneficiary of a Life Insurance Policy Life insurance can be a very efficient way to make a gift to a charity, such as Golok Blue Valley Foundation, at your death. Life insurance death benefits are generally not subject to income tax and are paid in cash. In some situations, naming a charity as a beneficiary on a life insurance policy can assure that your family does not have to liquidate property to satisfy your desire to make a gift to charity.	*Example:* If your estate would be worth about $750,000 when you die, with $500,000 of that in your house, $200,000 of that in an IRA, and $50,000 in a life insurance policy. By naming the charity as the beneficiary on the life insurance policy, and leaving the rest to your family in your will, living trust, or by beneficiary designation, your family will not have to immediately sell the house or take money out of the IRA to satisfy a bequest to the charity. Golok Blue Valley Foundation would also be honoured to receive a gift of an existing life insurance policy on your life. If you have an existing, paid up, policy you could give it to Golok Blue Valley Foundation at this time (and possibly receive an income tax deduction for that gift). In this case, you can leave the rest of your estate to your family either through your will or living trust, while knowing that Golok Blue Valley Foundation will receive a memorial gift at your death.

Other Techniques for Charitable Giving: Charitable Remainder Trusts

The tax code includes a way that you may make a gift now and receive a charitable income tax deduction but retain the right to an income stream for a period of time, or your life, or the life of you and your spouse. However, it is required that, when the income distributions end, whatever is left must go to an exempt organization charity. This is called a Charitable Remainder Trust. Charitable Remainder Trusts come in two forms, Charitable Remainder Annuity Trusts and Charitable Remainder Unitrusts.

A Charitable Remainder Annuity Trust will pay a fixed dollar amount to the beneficiaries each year for a number of years. The Charitable Remainder Unitrust will pay a fixed percentage of the trust assets each year to the beneficiary. A Charitable Remainder Annuity Trust can be good for a person who wants to be sure that they will receive a certain number of dollars each year. The distributions can only end if the trust is not managed properly and the assets run out. A Charitable Remainder Annuity trust may be inappropriate if you want to know that, if the values of the assets in the trust grow, you can receive additional distributions. A Charitable Remainder Unitrust makes sense if you want to know that if the trust assets grow over time, your distributions can increase. On the other hand, if the value of the trust assets decreases, your distributions from a Charitable Remainder Unitrust will decrease.	*Examples:* For example, if someone had property with a value of $500, 00.00 and a cost basis of $100,000.00, and they had owned the property for more than one year. On the sale of the property, this person would owe $60,000.00 of capital gain tax (assuming the current long term capital gain tax rate of 15% and a gain of $400,000.00). In this case, after the sale the person would only have $440,000.00 to invest. On the other hand, if the person gave the property to a Charitable Remainder Trust, they would receive a charitable income tax deduction. When the trustee of the Charitable Remainder Trust sells the property there would be no capital gains tax owed. The trust would have the full $500,000.00 to invest, and the person would be able to receive trust distributions based on that full $500,000.00. Capital gains tax would be paid slowly, over time, as the person received their trust distributions. After their death (or the death of the person and his or her spouse), whatever is left in the trust would go to a named charity (such as Golok Blue Valley Foundation).