

## A Planned Giving Guide

Creating a Personal Legacy to Help  
Vulnerable Children and Families





“Children are the **living**  
**messages** we send to a  
time we will not see.”

—John W. Whitehead,  
constitutional attorney and author

## Table of Contents

---

Choosing What to Give: Cash or Property?	1
Gifts from Your Will or Trust	3
<i>Gifts of Retirement Assets</i>	4
<i>Gifts of Life Insurance</i>	5
The Home and You: Partners in Giving	6
<i>Fixed Payments for Life</i>	6
<i>Future Payments for Younger Donors</i>	7
<i>Versatile Gifts that Add to Your Income</i>	8
<i>A Gift that Gives More to Your Heirs</i>	10
<i>Real Estate Gifts with Special Benefits</i>	10
<i>Gifts that Keep Memories Alive</i>	11
<i>Gifts that Last Forever</i>	11
About The Home	12

Dear Friend,

Thank you for considering The Home for Little Wanderers (The Home) in your long-term and sustained gift planning.

A gift to The Home brings the greatest benefits both to us and to you when you plan it thoughtfully. By working with you, we can advance our work with vulnerable children and families while providing benefits that help you meet personal financial needs.

We can assist you in:

- deciding whether to make a gift during your lifetime or as part of your estate plan
- weighing the benefits of giving cash versus property
- considering how various gift opportunities can actually return income to you and your family
- using your home as a gift asset while still living there
- exploring ways to preserve the value of your estate for your heirs

Many of our supporters wonder if their estates are large enough to make a difference. By exploring the strategies in this book, you will discover that any size estate, when carefully planned, can have a meaningful impact on the lives of children and families far into the future.

Whatever you decide, please be assured that we will use your gift wisely and will continue The Home's legacy of serving the children and families living in at-risk circumstances in our communities.

Thank you.

A handwritten signature in black ink that reads "Joan Wallace-Benjamin". The signature is written in a cursive, flowing style with a long horizontal flourish at the end.

Joan Wallace-Benjamin  
President & CEO

## Choosing What to Give: Cash or Property?

**Cash**, whether in the form of a check or a credit card, is the simplest and most popular type of gift to The Home. Because of the income tax charitable deduction, your net cost for a cash gift can be much less than the benefit it delivers to us.



Cash gifts are deductible up to 50% of your adjusted gross income if you itemize deductions. Deductions in excess of the 50% ceiling can be carried over for up to five tax years.

**EXAMPLE:** Frank and Judy Wilson make a cash gift to The Home. Their charitable deduction is equal to the value of their gift, providing considerable income tax savings. To determine the net cost of their gift, they use the following formula:

$$\begin{array}{r} \textit{Amount of cash gift} \\ - \textit{Income tax savings (according to tax bracket)} \\ \hline \textit{Net cost of gift} \end{array}$$



**Appreciated property**, such as securities or real estate, is a popular alternative to cash and can provide even greater tax benefits to you than an equivalent gift in cash. You maximize your benefits if you give appreciated long-term property — assets that you have held for more than one year. You receive a charitable deduction for the full fair market value of the property and avoid capital gains tax on the appreciation.



**PLANNING TIP:**

Don't sell appreciated stock yourself! Even though you give the proceeds as a gift, the IRS will impose capital gains tax on your sale, wiping out its benefits.

Publicly traded securities are the most popular type of property gift, but gifts of **closely held stock** held long-term also qualify for this most favorable tax treatment.

**EXAMPLE:** Mrs. Dalton bought stock years ago. The current value is substantially more than the original price. A gift of these securities to The Home gives Mrs. Dalton a charitable deduction equal to the current value, providing considerable income tax savings.

In addition, Mrs. Dalton avoids capital stock gains tax on the appreciation of the tax. She uses the following formula to determine the net cost of her gift:

$$\begin{array}{r} \textit{Current Value of stock} \\ - \textit{Income tax savings (according to tax bracket)} \\ - \textit{Capital gains tax avoided} \\ \hline \textit{Net cost of gift} \end{array}$$

Gifts of property other than publicly traded securities do raise tax and policy issues. If you are considering such a gift, please contact us and your own advisors for more information.

# Gifts from Your Will or Trust

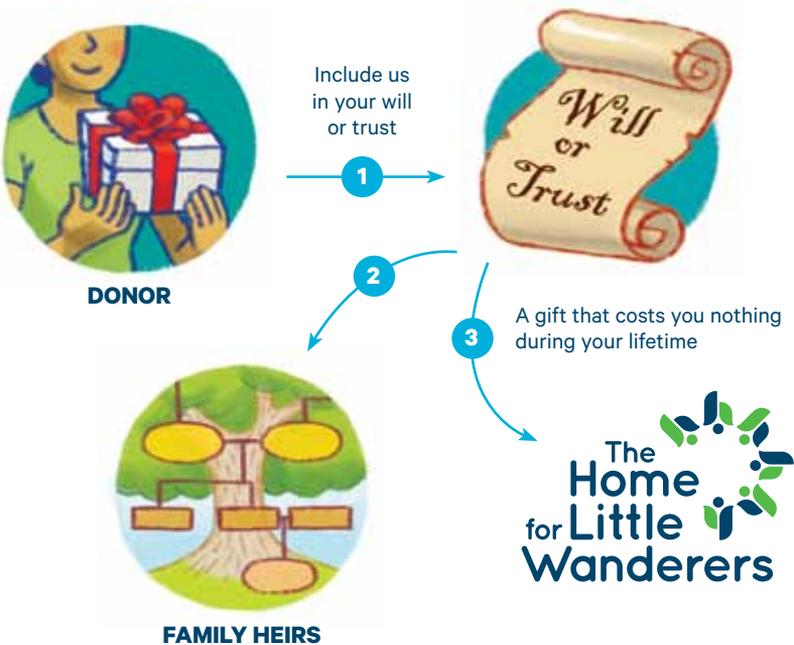
Your bequest can deliver a specific dollar-amount gift or a percentage of your estate. Such a bequest or trust distribution to The Home reduces the taxable value of your estate for federal estate purposes and is exempt from state inheritance taxes. Generally, giving a percentage of your estate rather than a specific amount gives you more flexibility in long-term planning.

A bequest is easy to arrange (see sample text below) and does not affect your assets during your lifetime, but it helps ensure that The Home will continue to fulfill its mission for many years to come.



## PLANNING TIP: Suggested Text for a Bequest

"I bequeath ten percent (10%) of the residue of my estate to The Home for Little Wanderers, a non-profit corporation located in Boston, Massachusetts, to be held as an endowment with earnings applied to The Home's general purposes."



## Gifts of Retirement Assets

It is possible that well over half of your retirement plan value can be reduced by taxes. Although the plan may be the largest asset in your estate, it can actually deliver less to your heirs than your other assets.

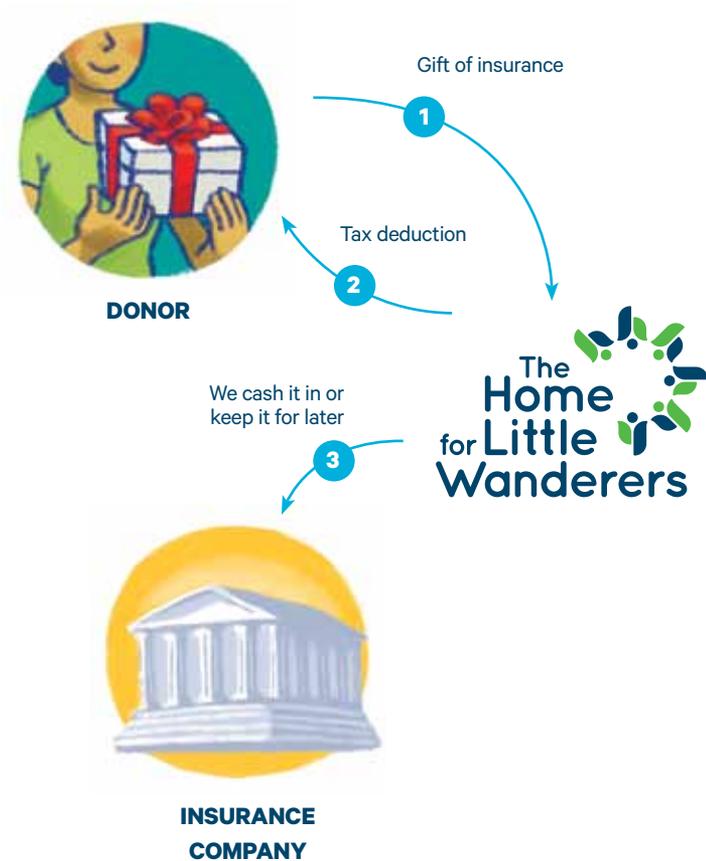
If you name The Home as the beneficiary instead of your heirs, the transfer is tax-free. You can then give other, less-taxed assets to your family. Your heirs will receive more from your estate, and The Home benefits from an asset that otherwise would have been lost to taxes.



## Gifts of Life Insurance

Do you have more life insurance coverage than your family obligations require? If so, a surplus, paid-up policy is a hidden asset that can represent a significant gift to The Home.

If you are younger, you may choose the option of taking out a new insurance policy and naming The Home as irrevocable owner and beneficiary. You then make annual gifts to us to offset the premiums that we pay. In this way, you secure a significant long-term benefit for The Home out of income as it is earned rather than reducing your capital accumulation.



# The Home and You: Partners in Giving

The Home offers creative gift plans that enable you to make generous donations to us and receive significant lifetime benefits for yourself.

Annuities and charitable trusts, for example, pay you lifetime income that you can use to supplement your retirement earnings. One type of charitable trust shelters your assets from real estate tax. Real estate gift plans unlock the benefits your home can provide, both for you and for The Home.

## Fixed Payments for Life

Of all the gifts that pay you back, the **charitable gift annuity** may be the simplest. You make a contribution to The Home and, in return, we make fixed payments to you and/or another person for life. When the annuity terminates, the remaining balance is paid to The Home according to the terms of your gift agreement.

Gift annuities generally offer a higher payment rate than other life-income gifts. Because of a low minimum-gift requirement, many of our donors are able to enjoy the benefits of extra income for life.





## Versatile Gifts that Add to Your Income

A **unitrust** pays variable income and can be invested for moderate growth, allowing your income payments to grow over time and keep pace with inflation. Another option is to invest for a period of aggressive growth, after which the appreciated portfolio can be converted to income-producing assets with no capital gains liability – an attractive option for younger donors who want to build a supplementary retirement plan.



---

The fixed income paid from an **annuity trust** can help offset the fluctuation of variable income received from other sources. Annuity trusts can accept gifts of tax-free securities and then pay out tax-free income to you and your beneficiaries.

Annuity trusts can last for a limited term to provide income for a short-term need, while conferring a larger tax deduction than a lifetime annuity trust. This option may be especially appropriate for donors who want to build an education fund for children or grandchildren.

**EXAMPLE:** Tom and June Mason’s two children will start college soon. The Masons want to help with tuition costs while also addressing other priorities.

They create an annuity trust that will pay the children a fixed income until they finish college. This income will be taxed at the children’s low marginal rates. After the annuity trust’s last year, its remaining balance will be transferred to The Home. The relatively short income period allows the trust to pay higher income than a trust that would run for life, while also generating an attractive charitable deduction for the Masons.

Tom and June will have the satisfaction of knowing that their gift plan will provide benefits to both their children and The Home.



Both **unitrusts** and **annuity trusts** enable you to provide for yourself and your loved ones. For example, you could increase the retirement income, reduce the capital gains cost of selling a business, or help with your children’s or grandchildren’s education, while leaving a lasting legacy for The Home as well.

## A Gift that Gives More to Your Heirs

If you are concerned about how much of your estate will be left for your heirs after taxes, then consider The Home's **charitable lead trust**.

A lead trust holds gift assets for a term, pays income on those assets to The Home, and then passes the assets on to your heirs. The Home receives income from the gift assets, and your heirs receive the assets themselves at a significantly lower estate tax rate.

An estate plan containing a lead trust can often benefit your family more than an outright bequest to them could, while also providing significant benefits to The Home.

## Real Estate Gifts with Special Benefits

In a **charitable bargain sale**, you sell your residence or other real estate to The Home at less than its fair market value. The reduction from fair market value is treated as a gift for which you receive a charitable income tax deduction. This transaction provides you with cash you can use to purchase another home or to pay a retirement facility entry fee.



A charitable bargain sale is the only gift plan offered by The Home that gives you both a lump sum of cash and a charitable tax deduction.

With a **retained life estate**, you make a gift of your home to The Home but continue to live there for the rest of your life. Your living arrangements continue uninterrupted and secure, while The Home enjoys the assurance of receiving a significant future gift. You receive a charitable income tax deduction now for the value of the future gift to The Home.

## Gifts that Keep Memories Alive

If any one of our programs for children and families was particularly important to someone close to you, you can perpetuate his or her memory for years to come by designating your gift *in memory* of that person. Your gift will be more meaningful if it is given in that special person's name.



## Gifts that Last Forever



A gift designated for our **endowment** makes the good effects of your generosity permanent. The principal of your gift will be invested prudently for both income and growth, while a percentage of the earnings will be applied each year to The Home's program and services that you want to benefit. You may choose to have your endowment memorialize your name or that of loved ones.

Generations from now, The Home will continue to benefit from the foresight and generosity of donors who gave endowments. You can use cash, securities, real estate or almost anything of value to establish an endowment. If it is not feasible for you to start an endowment now, you may be able to do so through your estate with one of the plans discussed in this brochure.

To learn more about how our gift plans can help you become a partner with us, please contact the Director of Individual Giving at 617-927-0670.

Whichever plan you choose, The Home wants to ensure that your gift provides benefit to you as well as to us.

## **About The Home for Little Wanderers**

The Home for Little Wanderers provides a seamless continuum of vital programs and services for every stage of child and family development. For more than 200 years, we've earned a reputation for doing whatever it takes to strengthen vulnerable families and keep children safe in their own communities, even when they don't have family support.

Serving children and youth from birth to 22, The Home makes a positive impact on over 7,000 lives each year through a network of behavioral health services, therapeutic residential and special education, adoption and foster care. In addition, a number of innovative and unique programs provide specialized assistance to youth transitioning to adulthood from state systems of care.

We continuously measure the impact of our work to develop and enhance our programs. We never give up on children. And we don't let children give up on themselves. By advocating on behalf of each and every one of them, we strengthen our families, our communities and our Commonwealth.



“We make a living by what we get, but we make a life by **what we give.**”

— Winston Churchill

This publication is intended to provide general gift planning information. Our organization is not qualified to provide specific legal, tax or investment advice, and this publication should not be looked to or relied upon as a source for such advice. Consult with your own legal and financial advisors before making any gift.



Administrative Offices  
271 Huntington Avenue, Boston, MA 02115  
[www.thehome.org](http://www.thehome.org) | 617-267-3700