

**United Way
of Santa Barbara County**



Everyday Planning — Lifetime Giving

Each day can bring a new challenge — the car needs a tune-up, a friend asks for help getting ready for a big move, the project deadline is moved up a week. And, every day, we find ways of meeting those challenges. It's hard to plan for everything, but you do your best to be ready for anything. And that, sometimes, makes it hard to give as much as you might like to your favorite charities. If you give away too much today, you might not be ready for that really rainy day in the future.

However, one can plan a charitable gift that does not require opening the wallet right away. These gifts signify a readiness to give and give generously — but the gift is not official until some future time. If you change your mind between now and then, the gift arrangements can be changed.

In this issue of *Visions*, we discuss bequests and beneficiary designations — how they work and how they can benefit you. It's easy to set up a beneficiary designation and simple to change it if and when your circumstances change. Through a well-planned bequest or beneficiary designation, you can make a philanthropic commitment without giving up control of your resources.

For more information, please send for our booklet, *Revocable Gifts: A Comfortable Commitment*. We are always happy to hear from you and welcome the opportunity to answer any questions you might have about how to make a comfortable commitment.



**Heritage Club members,
Merrilyn and Earl Damitz**

visions IN **PERSONAL PLANNING**

Easy Ways to Make Your Influence Felt

There are many ways to make significant charitable commitments in the form of a beneficiary designation. In this issue we focus on those designations that may have special appeal for today's donors.

Charitable Bequest Opportunities

A familiar way to give is to include us in your will through a charitable bequest. There are several different ways to make a charitable bequest — which one is best depends on your objectives. For instance, you may want to give a specific dollar amount. Or you might give a specific asset such as an important piece of art to establish a highly identifiable legacy. Another option is a percentage bequest which ensures that your beneficiaries receive the same intended proportion should the value of your estate go down or up.

A popular form of bequest is the residual bequest — a gift of what remains in an estate after all other bequests are satisfied. By making a residual bequest to us in your will, you can make certain that your loved ones receive consideration before a gift is made to us. A residual bequest is a thoughtful way to extend your lifetime example of giving without compromising needs of family and friends close to you.

Example:

■ *Richard Busby, age 75, has faithfully supported us for many years, consistently responding to our annual fund drives and participating in special projects as well. His carefully planned will specifically provides for his younger brother and his family. After his advisors made him aware that his estate would likely include funds for which no specific designation had been made, Richard made an important and thoughtful decision: He designated us as the residual beneficiary of the estate. After all debts and costs are subtracted from the estate and all bequest arrangements have been satisfied, we will receive the remaining value.*



This simple step “ties the knot,” so to speak, on a meaningful will. While Richard receives no immediate income tax benefit, the estate is eligible for a tax deduction in the amount of the gift we receive, helping to offset or eliminate possible federal estate taxes.

A residual bequest is a thoughtful way to give to a deserving organization, after taking care of loved ones first. “What’s left over” (the residual) often can make a big difference in our work without shortchanging your heirs. Our

booklet has a more complete discussion of the different kinds of bequests and their comparative benefits. Why not send for it to determine which kind might best fit your needs?

Simple Options for Beneficiary Designations

In addition to a will, most of us have legal contracts or written arrangements that designate beneficiaries in the event of death. These include insurance policies, retirement plans and savings accounts. Your insurer, bank, employer or brokerage house usually requires that you list your primary and secondary or contingent beneficiaries. You may also, upon request, modify or amend these designations.

One of the simplest ways to make a meaningful charitable gift is to add our organization to your list of beneficiaries. You can name us as primary beneficiary or as the secondary (or contingent) beneficiary who receives the funds in the event the primary beneficiary cannot or does not receive them. The advantage of naming us as a beneficiary is that you maintain control of the final disposition of your assets. Plus, you have the comfort of knowing your assets will not go to unintended or undeserving beneficiaries. Since the gift is not completed during your lifetime, you can amend your beneficiary designations at your discretion.

Something to Think about

In our general financial planning, it’s not unusual to take steps to replace uncertainty with certainty. The same principle often applies to gift planning. A charitable beneficiary designation provides certainty in two key areas: (1) your specific intentions are documented and known, and (2) you retain 100% control of that intended gift as long as you live.

Is now the time to consider this important but flexible gift commitment?

Examples:

■ Constance Reynolds keeps \$10,000 in an emergency fund designed for life's unexpected expenses, such as home repairs or a major appliance replacement. She was recently reminded that this savings account has a payable on death (P.O.D.) designation. She visited the bank and learned that the listed P.O.D. recipient was her now-deceased husband. By simply completing a new form, she designated our organization as the P.O.D. recipient. While the savings account remains fully under her control, Constance now has the added assurance of knowing that our important work will be supported by any funds that remain after her death.

■ "What should I do with this life insurance policy?" That was the question Aaron Evans asked himself. The policy was designed to

provide funds for his son's education, in the event of Aaron's premature death. But since his son is now a successful architect, Aaron no longer needs to provide an education fund. Aaron turned his thoughts toward our organization and his longstanding desire to support us with a major gift. Being a "depression baby" who wants to play it safe and keep control of the policy and its values, Aaron decided against making an outright irrevocable gift. Instead, he named us the policy beneficiary. All he had to do was contact his agent and complete a change of beneficiary form. If Aaron needs the policy values, he can access them. If not, we will receive the full policy proceeds at his death. Aaron is pleased with the simplicity of this arrangement and the knowledge that he is making a significant contribution to our work.



Don't Forget about Retirement Assets.

More and more astute donors are now using retirement assets in their charitable gift planning. The reason is that retirement account assets left to family members (other than your spouse) may be subject to higher taxation than other assets. By using retirement assets to fund your charitable bequest — and leaving other assets to family members — you may be able to reduce taxes that otherwise would be imposed on those assets that have grown tax free...and leave more to your intended beneficiaries.

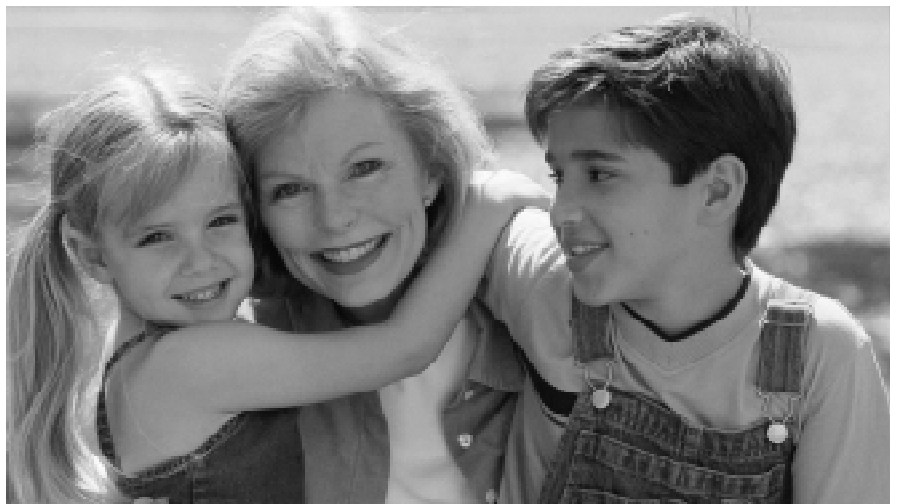
In addition to being tax-efficient, it is quite simple to leave retirement assets to a qualified charity such as ours. All you need do is change the beneficiary designation. As with any charitable gift, always check with your financial advisors to see if the gift makes sense in your overall estate plan. Keep in mind that a surviving spouse has protected rights under many retirement plans.

Beyond the Basics

The options reviewed in this newsletter represent quick and easy ways to help us — opportunities that cost nothing to implement and require almost no investment of time or effort. They are excellent ways to continue your support of our work to make a statement about your personal values, and to leave a lasting legacy. We are thankful for our thoughtful friends who support us through bequests and beneficiary designations.

Many of our friends, nonetheless, have found it wise to take an additional step and consider support opportunities that prove more beneficial to them during their lifetime. For example, there are methods of giving that provide a current income tax charitable deduction for you, as well as gifts that provide you with a lifetime income *and* a current income tax charitable deduction. If you're interested, it would be our pleasure to help you explore these opportunities.

Whatever your needs and interests, we stand ready to assist you. Why not take this opportunity to use the reply card and send for our free booklet? It's called *Revocable Gifts — A Comfortable Commitment*. We think you'll be glad to have this information, and we look forward to hearing from you.



Let Us Hear from You

If you have named us in your will or designated our organization as a beneficiary of any plan or policy, please let us know. We would appreciate the opportunity to personally thank you for your gift. And, if you would like, we can discuss how you wish your gift to be used. It is important that we know the desires and interests of those who have opened their hearts to us. Your gift is a thoughtful and intentional act, and we want to be certain your intentions are fully recognized.

If you have not yet included our organization in your plans but are thinking about doing so, please make sure your advisors use our correct legal name, which is **United Way of Santa Barbara County**. It is important that this name be used in all wills and documents that designate a gift or bequest to us.

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