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This brochure is not intended to be a substitute for legal, accounting, or other personal advice. Since your personal circumstances and the laws of your state affect your gift, we urge you to consult counsel when planning to make charitable gifts.

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The federal tax deduction for a charitable contribution to the DeKalb Area Retirement Center reduces the actual out-of-pocket cost of the gift from you. The general rule for all types of gifts is that the contribution is effective for tax purposes at the time the gift is unconditionally delivered to the recipient. It is deductible in the year in which it is made. A gift delivered to the DeKalb Area Retirement Center on or before December 31st is deductible for the year it is given.

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OAK  
CREST

**Philanthropic Fund** – Another method of giving is the establishment of a philanthropic fund, also known as donor advised fund. The fund can be named after the donor or the donor's family. It is funded with cash or appreciated securities and the donor receives an income tax deduction in the year that the contribution is made. A donor also reserves the right to recommend how the fund is used or dispersed to the DeKalb Area Retirement Center.

Is there someone who can explain all of this in plain English?

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A representative of the DeKalb Area Retirement Center will be pleased to answer all of your questions. We can provide information that best fits your situation, needs, and philanthropic wishes.

For further information or if you have questions regarding bequests, life income plans, or other estate planning matters, please call or write:

**Stephen Cichy**  
DeKalb Area Retirement Center  
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DeKalb, Illinois 60115  
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Oak  
Crest

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Making  
a gift  
To the  
DeKalb  
Area  
Retirement  
Center

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## Why should I make a gift?

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People make gifts to the DeKalb Area Retirement Center – Oak Crest because they know their gifts will help others in need. Gifts can be made to honor or memorialize a friend or loved one.

## How do I go about making a gift?

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Gifts can be made during a donor's lifetime or after their death. Many people who choose to gift during their lifetime enjoy seeing their generosity at work first hand. Gifts made during a donor's lifetime also provide the benefit of a current tax deduction. Gifts made after a donor's death ensure a legacy of caring while reducing the donor's estate taxes.

## Ways to gift include:

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Appreciated Property

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Charitable Lead Trust

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Charitable Remainder Trust

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Remainder Interest in a Personal Residence or Farm

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Life Insurance

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Bequest

...

Philanthropic Fund

**Appreciated Property** – One of the most popular techniques is gifts of appreciated property, which usually consist of land or securities. When this type of asset is given to the DeKalb Area Retirement Center, the donor receives a charitable deduction for the full fair market value of the property, regardless of the amount that was originally paid for the asset. A properly structured contribution can lead to substantial tax savings for the donor, while seeing their dollars at work helping others.

**Charitable Lead Trust** - A charitable lead trust pays a guaranteed annuity or a unitrust amount to one or more charitable beneficiaries for a stated period of time. The remainder of the trust distributes to the donor's chosen beneficiaries (typically members of a family). The guaranteed annuity allows the appreciation in trust assets to pass to these beneficiaries free of estate tax. Charitable lead trusts are most useful in gift and estate tax planning but offer limited benefits in reducing current income taxes.

**Charitable Remainder Trust** – If you are looking for a current income tax deduction, consider a charitable remainder trust. This trust allows the donor to make an irrevocable gift of future rights in assets (called the “remainder interest”) while reserving specific present rights for a stated length of time (called the “income interest”). When properly structured, the donor will be entitled to an income tax charitable deduction and a gift tax charitable deduction or an estate tax charitable deduction based on the present value of the remainder interest that passes the charity.

**Remainder Interest in a Personal Residence or Farm** – Although a donor is usually not entitled to a charitable deduction for gifting a partial interest in a property, a gift of a remainder interest in a house or farm to the DeKalb Area Retirement Center is eligible for a charitable deduction of the value of remainder interest.

**Life Insurance** – When the DeKalb Area Retirement Center is designated as the beneficiary of a life insurance policy, a donor's estate receives a charitable deduction for the proceeds of the policy. Even more advantageous is to transfer ownership of the policy to the DeKalb Area Retirement Center during a donor's lifetime and continue paying the premiums. A donor then receives current gift tax benefits and the proceeds of the policy are not included in the donor's estate at their death.

**Bequest** – Often times a bequest is made with little tax planning. A person may leave a specific sum of money or an asset to a charitable organization. The following opportunities may be considered when making a specific bequest:

- Income in respect of a decedent is income that is taxed to a person's estate or their heirs because it is income the decedent would have received if they had been alive. Distributions from an IRA or 401(k) plan are examples of IRD. Naming the DeKalb Area Retirement Center as the beneficiary of a person's IRA is a way to avoid these taxes.
- A testamentary bequest can be structured so that it is satisfied first out of estate expenses. A person's estate is then allowed an estate tax deduction. The bequest is tax exempt to the DeKalb Area Retirement Center.