

# Gettysburg Gives

Gettysburg  
COLLEGE

A Guide to Charitable Gift Planning

## Smart Charity: How to Give and Save on Taxes, Too

As year-end nears, we at Gettysburg College would like to take this opportunity to thank those of you who have helped in so many ways. Your generosity is deeply appreciated. As you know, like many other qualified charities, we depend on donations, bequests and other gifts.

**These individual gifts help us tremendously.** We could not continue to fulfill our mission without them. The simple fact is we are a nation of givers, who open our hearts and share our good fortune with others. That is why Congress provides tax incentives to encourage and reward those who support important organizations such as ours.

In this issue, we put a spotlight on the exciting new charitable rollover of retirement plan assets, a gift opportunity that will be extremely attractive to some of our donors. We also highlight gifts of stock and the charitable gift annuity, both of which have considerable appeal to many other donors at year's end.

**Read on for some ways** you can achieve genuine tax savings for the 2006 tax year and help Gettysburg College as well. Feel free to contact us directly with questions. Plus, you are invited to complete and return the enclosed card to receive free copies of our timely booklets, *The IRA Charitable Rollover* and the *Taxpayer's Home Companion 2006*. Both are filled with ideas that may be especially helpful to you as you do your year-end planning.



Sincerely,

John W. Hiner  
Director of Planned Giving

## Appreciated Stock Makes a Gift We Can All Appreciate

Like the proverbial joke about where does a 500-pound gorilla sleep (anywhere he wants), a lot of us are not sure what to do with an appreciated asset — especially if it's big and fat and not paying any dividends.

What happens if you keep it? Nothing. It provides no income, and it ratchets up the dollar value of your estate (which could cost your heirs).

continued on page 2



What happens if you donate it to Gettysburg College? Big tax break for you and our heartfelt thanks.

Look at your own portfolio. With the stock market gaining traction, some of the stocks you hold may have recovered nicely from the low points of the first half of this decade.

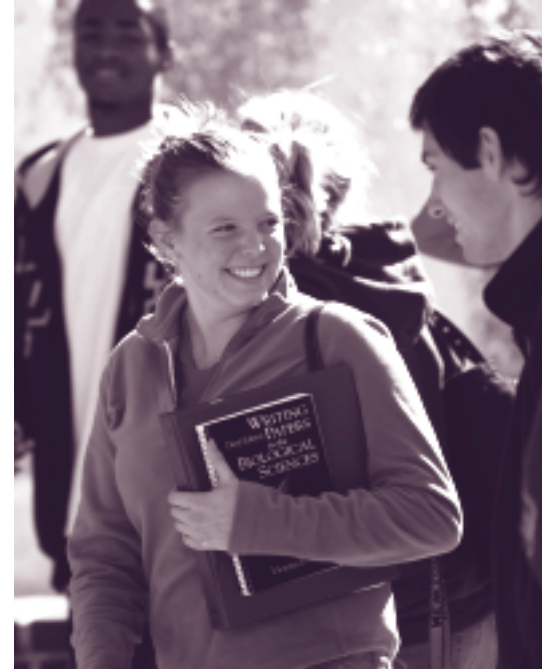
Here are reasons why stock is often the gift asset of choice for donors who want to make a greater impact with their charitable giving.

- **Simplicity and convenience.** Stocks are easy to give. Unlike some other forms of gifts such as real estate and mutual funds, the amount of paperwork and time is minimal. If you choose, you can complete your gift by the end of 2006, without taking time away from your holiday planning.
- **You have control over the size and amount of your gift.** With a collectible or gift of real estate, usually the donation is all or nothing. The asset cannot be easily divided. With stock,

however, you select the number of shares you wish to donate.

- **There are few valuation and basis problems.** With many other gifts, valuation can be subjective, which means also potentially subject to questioning by the IRS. With publicly traded stock, however, the value can easily be determined and documented.
- **The tax benefits can be greater than a gift of cash.** In fact, donating appreciated stock provides a double tax benefit for you that can save you taxes on your 2006 tax filing.

**Example:** Let's say you donate to us 100 shares of stock with a fair market value of \$5,000 and complete the transaction prior to year-end. Assuming you bought the stock more than one year ago for \$1,000, you can deduct the full \$5,000 on



your 2006 income taxes (subject to broad limitations). If you are in a 33% tax bracket, that could reduce your 2006 tax liability by \$1,650. Plus, the \$4,000 in gain is not taxed to you, even though it has “inflated” the charitable deduction.

If you had donated \$5,000 in cash, we would very much appreciate it, and you would receive the \$5,000 charitable deduction. But, from a tax savings point of view, the stock gift is the more tax-efficient option.

**The bottom line:** Donating long-term appreciated stock to Gettysburg College not only benefits you, but also provides a gift to us that is truly appreciated and helps us achieve our goals and meet our objectives.

If you have a stock you would like to use as a charitable gift, let us hear from you. The directions for executing such a gift are simple, and we can help you make certain that you receive the maximum tax benefits to which you are entitled.



## THE NEW IRA CHARITABLE ROLLOVER PROVIDES A GOLDEN OPPORTUNITY FOR DONORS

Many of our supporters own retirement accounts and have relied on these assets to help us. Typically, the donor removed assets from the account to make these gifts. The resulting charitable tax deduction usually offset the income tax on the distribution.

However, thanks to a new law, there is a new way donors can make significant gifts with distributions from an IRA *without any tax consequences*. A donor over age 70 1/2 can order that all or part of the IRA account be directed to us as a qualified charitable distribution. None of the distribution is included in the donor's income. However, the same distribution does count towards the required minimum distribution for that IRA in that year.

*Of course, there are some important considerations:*

- Because none of the IRA distribution is taxed to the donor, the donor cannot take a charitable income tax deduction for the transfer.
- The gift must be an outright transfer to the charity — no money can be directed to a charitable remainder trust or charitable gift annuity.
- The exclusion may not exceed \$100,000 per taxpayer per year.
- Not every transfer to a charity will qualify. Sec. 509(a)(3) support-organizations or donor advised funds are not an option.
- The IRA Charitable Rollover is available only in 2006 and 2007.

**Here is an illustration:** James A., age 79, owns a traditional IRA with a balance of \$100,000 that consists solely of deductible contributions and earnings — savings that have increased in value on a tax-deferred basis. If James removes the entire \$100,000 from his IRA, then gives it to charity, he would first realize the entire amount as taxable income, then benefit from a tax deduction. Instead, James can direct the rollover of IRA assets to our organization as a qualified charitable distribution. As a result, no amount is included in his income, and we receive a major gift.

It is a smart gift if you are age 70 1/2 or older — one that can be made with relatively little fuss and bother. Check with your financial and tax advisors to see if it makes sense for you.

For general information, contact our offices to receive our newest brochure with the basics about this exciting new way to give, *The IRA Charitable Rollover*. Thank you as always for your interest and support.

## Transform Appreciated Stock into Fixed Annual Income for You

Be aware that you can also donate an appreciated gift and, in return, receive an annual income for life. When you use appreciated stock to fund a charitable gift annuity or charitable remainder trust, you can accomplish both personal and charitable goals.

Perhaps you have stock that has appreciated, but provides small dividends or none at all. You may be at the point in your life when you want this asset to generate income.

If you sell it in order to reinvest the money, you may trigger a 15% capital gains tax liability. But there is another option: use it to fund a life income gift plan. By donating the stock directly, you reduce or eliminate capital gains tax and receive a substantial income tax charitable deduction. Plus, you receive an income stream for life and earn the personal satisfaction of knowing your gift impacts our future work.

**Example:** Vicky H. owns stock purchased more than 30 years ago for \$5,000. Today it is valued at \$40,000. Now age 73, Vicky wants to make sure she has locked-in income for the rest of her life. She also would like to help Gettysburg College. If she sells the stock outright, her capital gains tax would be \$5,250. Then she would still have

continued on back

the problem of where to reinvest the remainder to produce a steady income.

So, instead, she uses the stock to set up a charitable gift annuity with us. In return, she receives annual payments of \$2,720 for the rest of her life, and part of each payment will be tax-free until she reaches age 86. Additionally, she will receive a charitable deduction of \$18,472. \*

The charitable gift annuity is very easy to set up. Now may be a good time to take advantage of this opportunity to help us while providing a lifetime of fixed payments for yourself.

\* Based on a 6.0% AFR and quarterly payments.



## TWO NEW IMPORTANT BROCHURES TO HELP WITH YOUR YEAR-END PLANNING

To find out how you might benefit from the long-awaited charitable rollover legislation, send for a free copy of our brand new brochure, *The IRA Charitable Rollover*. We will be happy to answer your questions.

In addition, you can order a complimentary copy of our *Taxpayer's Home Companion 2006*. Whether you do your own planning or use a financial advisor, this handy little reference can make things go a lot easier. You'll find at your fingertips the 2006 tax rates, the treatment of dividends and capital gains, the most common personal deductions, and charitable deduction rules. Also highlighted are timely gift planning options and additional tips for making year-end charitable gifts.

There's plenty of time before the year ends to coordinate your planning to take advantage of so many exciting gift planning options. Thank you for your past support. We hope you will want to continue to partner with Gettysburg College as we educate tomorrow's leaders.



## BENEFITS OF LIFETIME GIVING — THE WARREN BUFFETT EFFECT

Warren Buffett, America's most noted investor, recently decided to make his impact with charitable giving during his lifetime rather than through a charitable bequest. The reason? So he could actively participate in his philanthropy and help shape the programs important to him.

Many other donors have also discovered the benefits of lifetime philanthropy through planned gifts such as the charitable gift annuity and gifts of appreciated property. Those plans allow you to make your influence felt today while, at the same time, you receive tax savings and other financial benefits. We hope you will consider a planned gift as part of your year-end planning. Explore the many ways you can partner with us and help shape programs important to you.

Please contact:

**John W. Hiner**  
Director of Planned Giving  
Gettysburg College  
Campus Box 423  
300 North Washington Street  
Gettysburg, Pennsylvania 17325

717.337.6546 800.238.5528  
jhiner@gettysburg.edu

**Gettysburg**  
COLLEGE

## GETTYSBURG'S LEGAL NAME

Our official legal name is Gettysburg College. It is important that this name be used in all wills, deeds, and any written documents that evidence a gift or bequest to us. The College is incorporated under the not-for-profit corporation laws of the Commonwealth of Pennsylvania.