TRENTON AREA SOUP KITCHEN

What is Planned-Giving?

A Gift for Today… An Investment in Tomorrow.

The term, gift planning, refers to the process of making the most of your charitable gift while considering your own financial needs. People often think that gift planning is only for the very wealthy, but it's not. Planning a gift can have benefits for all donors. For some, this type of planning can help them discover what should be given, rather than how large the gift should be. For others, gift planning will address complex income and estate planning issues involving family businesses, real estate, or the transfer of wealth between generations.

Planned-giving describes a variety of techniques that may allow donors to create philanthropic plans in a manner consistent with their financial needs and tax situations. Planning your giving presents an opportunity to achieve important financial and personal goals while minimizing the cost of giving and maximizing the benefits to you, your family and the community you care about.

Just as a wise investor looks for ways to maximize the return on an investment, a wise donor will take advantage of federal tax incentives specifically intended to encourage charitable contributions. Such incentives often allow a larger gift at the same of even a reduced cost to the donor.

The following range of giving options is available to wise donors:

· **Gifts of Cash**
A gift of cash is the simplest and most direct way to contribute to TASK. Cash contributions entitle the donor to a tax deduction for the gift, up to a maximum of 50 percent of their adjusted gross income.

· **Gifts of Stock**
Gifts of appreciated securities can be a very beneficial way of giving. When you make a gift of securities held for more than 12 months, you are entitled to an income tax deduction equal to the market value of securities at the time of the gift. The gift is also exempt from capital gains tax. Short term securities (those you have held for less than one year) earn a deduction on their original cost to you. If your stocks are held by a brokerage firm, contact Zach Warringer at the Loff Group at Merrill Lynch (TASK's stockbroker) at (609) 243-7813 for instructions on how to arrange the transfer.

· **Home or Other Real Estate**
All or a portion of a home or certain other real estate can be gifted to TASK. A resident, vacation home, farm, acreage, or vacant lot may have so appreciated in value through the years that its sale world mean a sizable capital gain tax. By making a gift of this property instead, you would avoid the capital gains tax, and at the same time receive a charitable deduction for the appraised property value.

What is Planned-Giving?

A Gift for Today… An Investment in Tomorrow.

· Life Insurance
An existing life insurance policy may be transferred to TASK by naming us as both the owner and beneficiary of the policy. The gift will yield an income tax deduction equal to the policy's replacement value, or your basis in the policy, whichever is less. In addition, if annual premiums are still to be made and you continue to pay them, those premiums will become tax deductible each year.

As an alternative to transferring an existing policy, a donor can simply name TASK as the policy's beneficiary. This approach, while simple, will not allow the donor an income-tax deduction, because the owner has the power to surrender the policy.

A new life insurance policy may be gifted to TASK. In the case, TASK becomes both the owner and the beneficiary of the policy. All subsequent premium payment made by the donor are tax deductible. It's easy to contribute a life insurance policy to TASK. Just check with your life insurance agent for details on which form to complete.

· IRA, 401(K), Keogh Etc
Your IRA, 401(k), Keogh or other retirement assets can be designated to TASK as either your specific or contingent beneficiary. You can simply name TASK as a beneficiary of your retirement instrument upon your death. If you wish your surviving heirs to enjoy the income from the retirement plan before anything passes to TASK, you can establish a charitable remainder trust and have the retirement plan assets transferred at your death to the trust. It will make regular payments to the person(s) you designate. These payments will continue either for their lifetime of for a term of years after your death. Then, whatever remains in the trust passes to TASK.

· Charitable Lead Trust
A Charitable Lead Trust lets your direct an income stream to TASK over a period of years at the end of which the principle is payable to your family or other beneficiaries you have designated. This approach may allow you to transfer property to your family member at a later date with a lower tax cost. The amount of the taxable gift to your heirs is reduced by the full value of TASK's charitable interest which will substantially reduce your gift or estate tax liability.

· Charitable Remainder Trust

A Charitable Remainder Trust allows you to make an irrevocable gift of property to a charitable trust and receive income from the trust. After your lifetime, or the lifetime of a loved one you designate, whatever remains in the trust goes to TASK. You will determine the payments you receive each year when the trust is established. The tax deduction allowed at the time you create your trust depends on your age, payment percentage and other factors.