GREAT FALLS CLINIC
LEGACY FOUNDATION

THE GREAT FALLS CLINIC LEGACY FOUNDATION
1400 29th Street South
Great Falls, Montana
(406) 771-3107
http://www.gfclegacy.org

PLANNED GIVING

TYPES OF PLANNED GIFTS

Choosing the right planned gift depends on your personal circumstances and financial goals.

BEQUESTS AND ESTATE PLAN GIFTS

You may make a bequest or gift through your estate by including a provision in your will or living trust, or by naming The Great Falls Clinic Legacy Foundation as a beneficiary of a retirement plan or life insurance policy. The amount left to the Foundation can be expressed as a dollar amount or as a percentage of the assets to be given.

LIFE INCOME GIFTS

A life income gift allows you to give assets to the Foundation while providing yourself or others with income for a period of time before the Foundation is permitted to use your gift. You may make a life income gift by transferring securities, cash, or other property to the Foundation or a trustee. The Foundation or trustee then manages the investment of the assets and pays an income to you, your designated beneficiaries, or both. Income payments continue for the beneficiaries' lives or, in some cases, for a term of up to 20 years.

There are several kinds of life income gifts available at the Foundation:

Charitable Gift Annuities
In exchange for an outright gift, the Foundation agrees by contract to pay a fixed amount each year to you and/or another beneficiary for life.

Charitable Remainder Unitrusts

You establish a trust from which you and/or other beneficiaries receive *variable* annual payments for life and/or a term of years. At the end of the term, the remainder of the trust assets go to the Foundation for the purposes you designate.

Charitable Remainder Annuity Trusts

You establish a trust from which you and/or other beneficiaries receive annual payments of a *fixed* dollar amount for life and/or a term of years, after which the remainder of the trust assets pass to the Foundation for the purposes you designate.

OTHER TYPES OF GIFTS

Charitable Lead Trusts

A charitable lead trust makes an annual payment to the Foundation for a period of years, and at the end of the term, the remaining assets go to your children or other beneficiary.

Donor Advised Funds

A donor advised fund allows you to make a tax-deductible gift to the Foundation to establish a fund today, and later advise the Foundation on how you would like the gift used. At least half of the gift must be designated to the Foundation and the rest may support other charities.

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ASSETS TO GIVE: SECURITIES, REAL ESTATE, AND MORE

Whether you are making a outright gift or a planned gift, The Great Falls Clinic Legacy Foundation welcomes many types of assets. Options include cash, publicly traded securities, non-publicly traded assets, real estate, retirement plans, life insurance policies, and other possibilities.

Cash
Publicly Traded Securities
Real Estate
Retirement Plan Gifts
Life Insurance
Personal Property
Other

CASH

A gift of cash can be a simple way to provide an outright gift, make a bequest, or establish a life income gift, such as a charitable gift annuity, a charitable remainder annuity trust, or a charitable remainder unitrust. Cash gifts may allow you to use more of the charitable income tax deduction in any given year than gifts made with other types of assets.

PUBLICLY TRADED SECURITIES

Publicly traded securities can be used to make an outright charitable gift. If you give appreciated securities that you have held longer than one year you are entitled to a charitable deduction from your income tax for the full fair market value of the securities. You also may be able to defer or completely avoid capital gains tax on the securities, depending on the type of gift. Publicly traded securities can also be given to the Foundation to establish a life income gift or through one's estate.

REAL ESTATE

Real estate can be given outright, through an estate or to fund some life income gifts such as the charitable remainder unitrust. Another option is to give the Foundation a remainder interest in your home while retaining the right to live in it for the rest of your life. You receive a current income tax charitable deduction for a portion of the property's value.

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RETIREMENT PLAN GIFTS

Giving from your retirement plan as part of your estate plan

A retirement plan can be a tax-efficient and simple way of including the Foundation in your estate plan. The best method is to name the Foundation as a primary or secondary beneficiary on your plan's beneficiary designation form. The tax advantage stems from the fact that most retirement plans are subject to income taxes–and possibly estate taxes–if left to an individual beneficiary; however, a charity such as the Foundation that is named as the beneficiary does not pay income or estate taxes on the distribution. To learn more, please visit our IRA and Other Retirement Plan Gifts page or contact the Foundation.

Giving currently from your IRA

To learn more about IRA Charitable Rollovers, please read the "IRA Charitable Rollovers" section on the IRA and Other Retirement Plan Gifts page or contact the Foundation.

LIFE INSURANCE

You can make the Foundation the beneficiary of a life insurance policy, and your estate will receive a charitable deduction from estate taxes for that gift. You may also, under certain circumstances during your lifetime, make the Foundation the owner of a life insurance policy on your life, and receive an income tax charitable deduction for a portion of the face value of that policy.

PERSONAL PROPERTY

The Foundation welcomes gifts of many kinds of personal property that may be used in the mission of the Foundation. Contact the Foundation and we will be happy to help determine whether the Foundation can accept a specific gift.

OTHER

The Foundation also welcomes gifts of many other kinds of investment assets, including closely held stock and partnerships. We will be happy to help determine whether the Foundation can accept any offered gift.

For more information, please contact us.

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IRA AND OTHER RETIREMENT PLAN GIFTS

GIVING FROM YOUR RETIREMENT PLAN AS PART OF YOUR ESTATE PLAN

A retirement plan can be a tax-efficient and simple way of including the Foundation in your estate plan. The best method is to name the Foundation as a beneficiary on your plan's beneficiary designation form. The tax advantage stems from the fact that most retirement plans (other than Roth IRAs) are subject to income taxes–and possibly estate taxes–if left to an individual beneficiary; however, a charity such as the Foundation that is named as the beneficiary does not pay income or estate taxes on the distribution. Thus, the full value of what is distributed can be used by the Foundation as a gift from your estate, supporting the purpose you designate.

To name the Foundation as a beneficiary, you can obtain a beneficiary designation form from your IRA plan administrator. That form usually asks for the name of the beneficiary (**The Great Falls Clinic Legacy Foundation**), its address (**1400 29th Street South, Great Falls, Montana 59405**) and a tax identification number (**47-4110464**). This will provide an unrestricted gift to the Foundation. If you would like to direct your future gift to a specific purpose, contact the Foundation for appropriate documentation.

IRA CHARITABLE ROLLOVERS

Due to recently enacted legislation, you may also be able to make a gift to charity with a distribution from your Individual Retirement Account (IRA), and take advantage of tax savings. Under The Protecting Americans from Tax Hikes Act of 2015, Americans over the age of 70½ can distribute up to $100,000 in a calendar year from an IRA to the Foundation or other charities, tax-free. This distribution to charity can be a significant benefit for IRA owners who are required each year to take minimum required distributions, which are included in their gross income for income tax purposes.

If an IRA owner directs the IRA plan administrator to distribute any amount up to $100,000 to charity, the distribution counts toward the owner's minimum required distribution, but is not included in his or her income for income tax purposes. Although the IRA owner is not entitled to a charitable deduction for the distribution, the distribution benefits charity. This option is known as the "IRA charitable rollover."

Here's How It Works:

- You must be 70½ or older at the time of distribution.

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- You may distribute any amount up to $100,000 in a calendar year to charity, as long as it is completed by December 31 of the year in which you intend to make the charitable distribution.
- Your IRA administrator must make the distribution directly to the charity, or you may write a check payable to the charity from your IRA checkbook. If you make a gift to the Foundation from your IRA, please include written instructions on how you would like to designate your gift by making a note on your IRA check. You can also call (406) 771-3107 or email www.gfclegacy.org/contact/ with your gift designation.

Certain restrictions and requirements* must be followed when making this type of gift. If you have questions, please call (406) 771-3107 or email planned giving at www.gfclegacy.org/contact/. Before proceeding, you should also consult with your tax advisor to discuss your particular situation including any impact of your state's tax laws.

* For example, the following transfers will not qualify: distributions to private foundations, to donor advised funds, for life income gifts (e.g., charitable remainder trusts), and for any purpose that entitles you to receive a benefit, such as preferred seating at athletic events or tickets to a dinner.

Gifts may be sent to:

The Great Falls Clinic Legacy Foundation
1400 29th Street South
Great Falls, Montana 59405

The Foundation's federal tax identification number is **47-4110464**

GREAT FALLS CLINIC
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BEQUESTS AND ESTATE PLAN GIFTS

A bequest is a **gift from your estate**–a transfer of cash, securities, or other property made through your estate plans. You can make a bequest to the Foundation by including language in your will or living trust leaving a portion of your estate to the Foundation, or by designating the Foundation as a beneficiary of your retirement account or life insurance policy.

Remembering the Foundation with a bequest from your estate will help sustain and strengthen the Foundation in years to come. Some of the advantages of creating a bequest include:

- A bequest costs nothing now, yet gives you the satisfaction of knowing you have provided for the Foundation in the future.
- You retain control of and use of your assets during your lifetime.
- You may modify your bequest if your circumstances change.
- Gifts to the Foundation from your estate are exempt from federal estate taxes.
- If you let the Foundation know of your plans, we will be able to thank you now.

MAKING A BEQUEST

A **bequest to the Foundation** can be made for a specific amount, for a percentage of your estate, or for all or a portion of what is left after you have made bequests to your family. To make a gift to the Foundation from your estate, you must sign a new will or living trust instrument, add a codicil to your present will, or make an amendment to your present trust instrument.

Alternatively, you can designate the Foundation as a beneficiary of a retirement plan or life insurance policy. To do so, contact the retirement plan administrator or life insurance company and complete the appropriate beneficiary designation form. You can designate a specific purpose for such a gift with a separate letter prepared with assistance from the Foundation. To assist you in preparing your bequest, we can provide you with sample bequest language.

PLANNING YOUR BEQUEST

When planning for a bequest, you will need to consider how you would like your gift to be used to benefit the Foundation–whether **unrestricted** in purpose or **restricted** in purpose, and whether you would like it to be an **expendable** fund (to be spent when received) or an **endowed** fund (to last in perpetuity).

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An **unrestricted** bequest allows the Foundation to determine how to use the funds based on its most pressing needs. Unrestricted bequests are extremely valuable because the Foundation can use them to flexibly meet its future needs.

A **restricted** bequest directs assets to a particular purpose, such as affordable housing for out of town Clinic patients and family. A restricted bequest may be for an expendable or endowed fund. *Because each restricted bequest is unique, the Foundation encourages donors considering this type of gift to speak with a member of the Foundation staff about the appropriate language.*

Expendable funds are used in their entirety, generally within a relatively short time frame. Some larger expendable gifts are used over longer periods.

Endowed funds provide income every year in perpetuity to carry out the designated purpose of the fund.

CREATING A LASTING LEGACY

Endowed funds may be established by bequest for many purposes. A fund created by your bequest can carry your name or the name of a family member or other person you wish to honor. Named funds, because of the support they offer to programs and people, are a way to share what is meaningful to you well into the future.

LET US THANK YOU

If you have included the Foundation in your estate plans, please let us know. We would like to thank you for your generosity, and make sure the purpose of your gift is understood by the Foundation.

CONTACT US

The Foundation is happy to help you explore options for designating a bequest to the Foundation. Those considering a planned gift should consult their own legal and tax advisors. The Foundation will be happy to speak with advisors as well.

FOUNDATION NAME AND I.D. NUMBER

The official name of the Foundation is **The Great Falls Clinic Legacy Foundation.**
The Foundation's federal tax I.D. number is **47-411-0464.**

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CHARITABLE REMAINDER UNITRUSTS

HOW DOES IT WORK?

You can establish a charitable remainder unitrust by irrevocably transferring assets to a trustee, who then invests the trust's assets and pays you and/or other beneficiaries an annual variable income. At the end of the trust term, the assets remaining in the trust are distributed to the Foundation for the purpose you designate. The Foundation or a bank or trust company serves as trustee.

A unitrust is an excellent vehicle for gifts of appreciated stock or property, because the trust is tax exempt and does not pay capital gains tax when it sells the assets. The full sales proceeds remain in the trust to provide a payout to the income beneficiaries. The amount of the payout for the income beneficiaries will depend on whether the charitable remainder unitrust is set up as a standard unitrust, net income unitrust, or flip unitrust (see below). The payout distributed is generally taxable to the income beneficiaries. Upon establishing a charitable remainder unitrust, you are entitled to a current income tax deduction for a portion of the value of the gift transferred to the trust, which is often between 30 and 60 percent of the value of the assets transferred.

BENEFITS

- Variable income, based on a percentage of the fair market value of the trust assets, revalued each year.
- Federal, and possible state, income tax charitable deduction.
- Pay no immediate capital gains tax on the transfer of appreciated assets.
- Reduce or eliminate estate taxes.
- Diversity your investments.
- Make a gift to the Foundation.

THIS MIGHT INTEREST YOU IF...

You want to make a gift to the Foundation and you:

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- Want to receive an income for life, based on a percentage of the fair market value of the trust investments, revalued each year.
- Have assets that you are able to give away. Assets that work especially well include:
  - Cash or funds earning low interest rates.
  - Appreciated securities.
  - Appreciated real estate, including a vacation home or investment property.
  - Your personal residence if you are planning a move.
- Have a large part of your portfolio in one company and want to diversity your investments.
- Would like to have a charitable remainder unitrust managed by a trustee.
- Want to reduce your current income taxes with an income tax charitable deduction.

ASSETS USED

Cash, securities, real estate, or other assets.

CONTACT US

If you are interested in learning more about creating a unitrust, please contact us. We would be happy to provide you with information about how a charitable remainder unitrust would work for you based on your circumstances.

Those considering a planned gift should consult their own legal and tax advisors. The Foundation is happy to speak with advisors as well.

TYPES OF CHARITABLE REMAINDER UNITRUSTS

There are three types of unitrusts: **a standard unitrust, a net income unitrust**, and **a combination or "flip" unitrust**. The income from each trust will vary from year to year, and the right choice will depend on your goals. You can name yourself and/or other beneficiaries to receive income for life and/or for a term of up to 20 years.

Standard unitrusts are the most common type of unitrust. They provide an income that is based on a fixed percentage ("the unitrust percentage") determined at the time the trust is created. The unitrust percentage must be at least 5 percent and is multiplied by the fair market value of the trust assets at the beginning of each year to determine the annual payout to the income beneficiaries. If the trust investments grow beyond the amount paid to the income beneficiaries, the annual distributions will increase. However, it is important to know that if the trust investments do not produce sufficient investment returns in any given year, the annual distribution for the following year will decline. A standard unitrust provides the most flexible investment options and is usually invested for a total maximum return.

Net income unitrusts provide annual payments in the *lesser* of two amounts: 1) the fixed percentage (the unitrust percentage) of the trust's annual value described above, or 2) the net income of the trust. Younger donors who are not seeking large payments immediately but want to build a fund for potentially higher payments in the future may find this appealing. A net income unitrust initially can be invested in assets that produce little interest or dividend income. When income beneficiaries want a higher income, the investments can be changed to produce a higher income.

A combination or "flip" unitrust is a good option when an illiquid, non-income producing asset, such as real estate or closely held stock, is being used to fund a charitable remainder unitrust. The trust agreement for the flip trust provides that the trust begins as a net income unitrust, paying only any actual earnings (for example, rents from the real estate) to the income beneficiaries. The trust agreement further provides that at a date in the future, such as on the date of the sale of assets used to fund the trust, the trust "flips" to a standard unitrust. As of January 1 after the flip date, the unitrust pays the income beneficiaries the unitrust percentage multiplied by the fair market value of the trust assets, revalued each year. A flip unitrust may also be a good option if you wish to plan for retirement because the flip date could be set for a date when you expect to retire.

EXAMPLE: PERCENTAGE UNITRUST

Fred, age 65, owns stock with a current market value of $200,000, which he bought some years ago for $20,000. It is paying a small dividend of about 1%. Fred would like to sell the stock, but he would have to pay federal capital gains tax of between $27,000 and $36,000 (the rate is 15% for individuals in the 25, 28, 33 or 35 percent income tax bracket and 20 percent for individuals in the 39.6 percent income tax bracket). Since Fred is in the 35% federal income tax bracket for ordinary income, he is in the 15% bracket for long-term capital gains.

By transferring the stock to a 5% unitrust, he receives an income of 5% of the fair market value of the trust assets, revalued annually, for life ($10,000 in the first year, a significant increase from the previous stock dividend). In addition, he receives a charitable income tax deduction of about $89,000 (assuming an IRS discount rate of 1.2%, further discussion of which is beyond the scope of this example). This saves him about $31,150 in federal income tax, and he avoids paying now the capital gains tax that would have been assessed if he had sold the stock.

After Fred's lifetime, the Foundation will use the assets according to his wishes.

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EXAMPLE: NET INCOME UNITRUST

Jim and Betty, both age 50, own stock worth $500,000, for which they paid $50,000 many years ago, which they would like to sell. To do so would incur federal capital gains tax of $67,500. They are not interested in receiving much income now, but they may need it later. They are in the 35% federal income tax bracket for ordinary income and the 15% bracket for long-term capital gains.

They transfer the stock to a 5% net income unitrust. Their charitable contribution deduction of about $86,750 (assuming an IRS discount rate of 1.2%) gives them an immediate federal income tax savings of roughly $30,362, and they avoid paying now the $67,500 federal capital gains tax.

Until Jim and Betty are in need of income, the trust assets can be invested for capital growth and low income. Later, when the couple would like more income (for example, after retirement), the trust assets can be invested for higher income, resulting in a greater payout to them.

After their lifetime, the Foundation will use the trust assets according to their wishes.

EXAMPLE: COMBINATION OR "FLIP" TRUST

Richard, a widower age 90, owns a Flathead Lake vacation home that he inherited more than 30 years ago when it was valued at $500,000. Since then, he has used it as an investment property, frequently renting it out. It has appreciated enormously in value and is now worth around $5,000,000. If it were sold, it would generate around $675,000 in capital gains taxes. No one else in Richard's family is interested in taking over management of the property. He gives it to the Foundation through a 6% flip unitrust, naming himself as the primary beneficiary and his only child, Grace, age 65, as the successor beneficiary. The trust agreement provides that the flip is triggered by a sale of the property. He makes the gift establishing the unitrust in December, which allows him to claim a substantial income tax deduction for that year. The trustee is not able to sell the property until the following August. In the interim, the property is rented out twice and the income generated (net of expenses) is paid to Richard. Beginning the following January 1, the trust will begin making regular 6% payments to Richard and then, after his death, to his daughter. Upon Grace's death, the trust will end, and the remaining assets will be used by the Foundation to endow a fund in the names of Richard and his late wife.

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CHARITABLE REMAINDER ANNUITY TRUSTS

HOW DOES IT WORK?

You establish a charitable remainder annuity trust by irrevocably transferring assets to a trustee, who then makes fixed annual payments to you and/or other beneficiaries. At the end of the trust term, the assets remaining in the trust are distributed to the Foundation for the purpose you designate. The Foundation or a bank or trust company serves as trustee.

When you establish a charitable remainder annuity trust, you and the trustee agree to the amount of the annual payment to you and/or other beneficiaries. The amount of the annual payment must be at least 5% of the trust assets' initial fair market value and is generally taxable to the beneficiaries.

This type of trust may appeal to older beneficiaries who appreciate knowing exactly how much they will receive each year and are not as concerned about the effects of inflation over time.

BENEFITS

- Receive fixed annual payments.
- Pay no immediate capital gains tax on the transfer of appreciated assets.
- Federal, and possible state, income tax charitable deduction.
- Reduce or eliminate estate taxes.
- Make a gift to the Foundation.

THIS MIGHT INTEREST YOU IF...

You want to make a gift to the Foundation and you:

- Want to receive fixed annual payments for life.

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- Have assets that you are able to give away. Assets that work especially well include:
  - Cash or funds earning low interest rates.
  - Appreciated securities.
- Have a large part of your portfolio in one company and want to diversify your investments.
- Would like to have a charitable remainder annuity trust managed by the Foundation or your bank or trust company.
- Want to reduce your current income taxes with an income tax charitable deduction.

ASSETS USED

Usually cash or appreciated securities.

CONTACT US

If you are interested in learning more about creating a Great Falls Clinic Legacy Foundation charitable remainder annuity trust, please contact the Foundation. We would be happy to provide you with information about how a charitable remainder annuity trust would work for you based on your circumstances.

Those considering a planned gift should consult their own legal and tax advisors. The Foundation is happy to speak with advisors as well.

EXAMPLE: CHARITABLE REMAINDER ANNUITY TRUST

Mary, age 80, owns securities worth $300,000, which she bought many years ago for $20,000. These assets pay cash dividends of $6,000 (2%). Mary is in the 35% income tax bracket and the 15% bracket for capital gains taxes. She would like a higher return on her securities, but if she sells the stock, then she would owe $42,000 in capital gains tax.

By transferring her shares to a Foundation charitable remainder annuity trust with a 6% payout, she increases her current income to $18,000 and avoids paying any immediate federal capital gains tax, even if the trustee decides to sell the securities now or in the future. In addition, she receives a charitable income tax deduction of approximately $160,000 (based on an assumed IRS discount rate of 1.2%).

When the trust comes to an end at her death, the remaining assets in the trust will got to the Foundation, according to her wishes.

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