CHARITABLE REMAINDER UNITRUST

The Charitable Remainder Unitrust is a trust in which the appreciated asset (stock, land, etc.) is put in trust for the Foundation. The trust returns an income to the donor for life or for a set time (a maximum of 20 years). Periodic payments of income to the donor (or designated beneficiary) are based on a percentage (not less than 5%) of the trust assets as they are valued annually.

Upon the death of the donor (or the designated beneficiary), the principal of the trust is transferred to the Foundation.

CHARITABLE REMAINDER ANNUITY

The Charitable Remainder Annuity is similar to the *unitrust* except that the amount of the annual payment to the designated beneficiaries is fixed at a percentage (not less than 5%) of the fair market value of the transferred assets at the time of the creation of the trust and is not revalued each year. The principal of the trust is transferred to the foundation upon the death of the donor.

CHARITABLE LEAD TRUST

The Charitable Lead Trust is the reverse of the Charitable Remainder Trust. A donor transfers assets to a trust which pays either a fixed amount (Annuity Lead) or a fixed percentage (Unitrust Lead) to a charity for a specific time period (i.e., 10 or 20 years). The trust then terminates and assets are paid to a beneficiary, usually the donor's heirs.

There are two advantages to this plan. First, the charity receives a beneficial income gift and, second, the gift ultimately goes to the donor's heirs but at a substantially reduced value for calculating gift taxes.

These trusts can provide income to charity when donor's children are small but then revert to the children when they need it in later years.

BEQUESTS

One of the primary ways that you can support our Cupertino Library through the Cupertino Library Foundation is by naming the Foundation as a beneficiary in your will. You can designate an outright gift of a certain dollar amount or you can specify a percentage of your estate.

WHAT TO DO

It is not possible to describe everything that you need to know and understand about Planned Gifts in this brief brochure. Your attorney or professional tax advisor should be consulted regarding any of the ideas expressed there.

Please consider making a Planned Gift. Your generosity will make it possible for the Foundation to maintain and enhance the services of our Cupertino Library for future generations.

For further information, please contact:

The Cupertino

Library Foundation

10800 Torre Avenue
Cupertino, CA 95014-3254
(408) 446-1677

www.cupertinolibrary.org

Tax ID# 77-0372742

Note: Future tax law changes may affect the accuracy of all the above information. Consult with your professional tax advisor for the latest information.

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CUPERTINO LIBRARY FOUNDATION

How You Can Help Our Library Through a Planned Gift

The Cupertino

Library Foundation

10800 Torre Avenue
Cupertino, CA 95014-3254
(408) 446-1677

HOW YOU CAN HELP

The future of our Cupertino Library depends on the generosity and support of people like you. The Cupertino Library Foundation was formed to work toward preserving quality library access for future generations. As a 501 (c)(3) organization, the Foundation can receive tax exempt charitable gifts of money or property. This brochure describes several ways to ensure the future of our library through your planned gift.

Despite changes in Federal tax laws, Congress has retained incentives for charitable giving. Gifts to qualified charitable organizations may reduce your federal taxes. Charitable gifts may also provide a means to reduce or eliminate your capital gains taxes.

As a result, you have two good reasons for making planned gifts: first, the gift itself provides support to an institution which has real and specific meaning to you, the giver, and, second, the gift may reduce your tax burden.

There are a number of ways to support the Cupertino Library through Planned Gifts to our Cupertino Library Foundation. These range from direct gifts to deferred gifts and may include gifts which can ensure you of future income and security.

GIFTS OF CASH

If you itemize your tax returns, your charitable gifts to the Foundation are deductible, to the extent consistent with current law.

MATCHING GIFTS

Some employers will match your charitable gifts. If your employer has such a program, enclose their matching gift form along with your contribution.

GIFTS OF STOCK

If you have owned stock and it has appreciated under your ownership, you may owe a capital gains tax when you sell it. It may be tax smart to use that appreciated stock in your charitable giving. Through a Planned Gift to the Foundation, you may find that you no longer owe any taxes on the increased value of the stock, and that you are also entitled to a deduction for the full value of the stock at the time it is given to the Foundation.

GIFTS OF REAL ESTATE

Lots, acreage, and vacation homes may also have greatly appreciated during the years that you have owned them. You may find that your plans have changed and you no longer need or want the property. You may be faced with a substantial capital gains tax because of the appreciation of the property's value. Your gift of real estate can result in a tax deduction of the fair market value (as determined by an independent appraisal) and an avoidance of the capital gains tax.

GIFTS OF LIFE INSURANCE

By making our Cupertino Library Foundation both the owner and the beneficiary of a life insurance policy, you could benefit from a significant charitable tax deduction. The policy could be one that you no longer need, or it could be a new policy.

Some employers have, as an employee benefit, an insurance program which allows for the designation of charitable recipients.

DEFERRED GIVING

Perhaps you have a substantial estate but you are still using that property or you may wish to keep the value of your estate intact during your lifetime. You may want to have an income flow from that asset (stock, property, or insurance annuity) for the rest of your life.

How can you protect the estate you have worked so hard to build from excessive reduction due to estate taxes?

Through Charitable Remainder Trusts (annuity trusts and unitrusts), appreciated assets can be transferred to the Foundation, and income from those assets can be directed back to the donor. Many of the same tax advantages (avoiding capital gains taxes and receiving the benefit of charitable deductions in the year of the gift) still apply.

The next panel discusses several of these trusts in more detail.