



TEMPLE BETH SHALOM FUNDS DESCRIPTIONS

The Temple Beth Shalom community has always responded generously to both Capital and Annual Giving Campaigns. Capital Campaigns and Annual Giving Campaigns generate current dollars for renovations, projects and operating expenses. We hope that many generous Temple members will also consider the advantages – to the Temple and to themselves – of special gifts. These may include gifts to one of the Temple Endowment Funds or other major cash gifts. Whether given to an Endowment Fund or some other Temple fund or arm, special gifts may also include cash gifts or non-cash gifts structured to achieve targeted results (often referred to a “planned giving”). Such gifts may be lifetime gifts or gifts pledged to be made by the donor upon his or her death (by will, life insurance, retirement plan or otherwise).

Endowment Funds: Temple Beth Shalom has established two Endowment Funds. These two funds (general and education), are intended to afford the Temple an enhanced sense of financial freedom, providing opportunities (1) to offer additional programming without raising annual dues, (2) to more easily weather any economic downturns or revenue shortfalls, and (3) to take advantage of unexpected or one-time purchase opportunities.

Planned Giving: There are many vehicles for “planned giving.” These include:

- **Bequest** (via will or trust): You can name Temple Beth Shalom in your will (or trust) as a beneficiary for a specified amount or for a percentage of your estate. Any charitable gift should be eligible for an estate tax deduction.
- **Life Insurance Beneficiary Designation:** You can name the Temple as a beneficiary of a specified amount or percentage of the proceeds of any life insurance you own or control. You may even specify the Temple as a beneficiary of your group life insurance. Any proceeds will go directly to the Temple and should provide an estate tax deduction.
- **Gift of Life Insurance Policy:** You may transfer an existing life insurance policy to the Temple while you are still alive. The current cash value of the policy may be a tax-deductible gift based upon the IRS guidelines. You and the Temple may arrange a program whereby you continue to make contributions sufficient to pay the ongoing insurance premiums. Any such ongoing contribution should qualify for an additional income tax deduction. As long as the policy is maintained, the proceeds will ultimately go to the Temple, free of income tax.
- **Retirement Plan Beneficiary Designation:** As with life insurance, you can name the Temple as a beneficiary of your retirement plan(s), including any IRA or qualified plan (such as a pension plan or 401(k)). The specified amount (or percentage) will be paid directly to the Temple and should not subject to either income or estate taxes.
- **Gifts of Securities:** You might find it advantageous to transfer publicly-traded securities, especially appreciated stocks, directly to the Temple. You would get a tax deduction for

the contribution for the fair market value of the stock, based upon the IRS guidelines. You would thereby avoid paying the capital gain tax that you would have incurred had you first sold the appreciated stock and given the equivalent amount of cash.

- **Gifts of Property:** There are special rules concerning the transfer of property (art, real estate, etc.) to a charitable institution, including certain appraisal and reporting rules. In addition to an outright gift, you and the Temple, in appropriate circumstances, could consider entering into a “bargain sale” – that is, a transaction which is part-sale, part-gift.
- **Charitable Remainder Trust:** A charitable remainder trust (CRT) is a separate non-taxpaying entity that will convert assets to a specified income stream payable to you and/or your spouse (or family members) for life or for a specified term. The income stream may be fixed at the outset or fixed as a percentage of the annual value of the trust (thus providing you with inflation protection). When you transfer assets to a CRT, you will also obtain an income tax deduction. If properly structured, it may serve as a vehicle for gifting one or more appreciated assets before a sale, permitting you to avoid paying any direct tax on the gain from the sale. The proceeds are invested by your trustee to provide the specified cash flow, with an accompanying goal of increasing the proceeds that ultimately will go to the Temple.
- **Charitable Lead Trust:** A charitable lead trust (CLT) is basically the flip of a charitable remainder trust. A CLT distributes a specified stream to the designated charity (the Temple) for a specific period of time or the life of the donor (and/or family members). The principal ultimately reverts back to the donor or family. A gift to a CLT generally is not eligible for any upfront income tax deduction. However, by the same token, its ongoing income is no longer taxed to you. Alternatively, you can obtain an upfront deduction for a gift to a CLT structured as a “grantor trust,” but then the CLT income would be taxed back to you, without any offset for the trust’s annual charitable distributions. By using a CLT, you may be able to pass assets to your family members while being assessed gift or estate tax a fraction of assets’ current values. A CLT therefore may represent a powerful long-term planning strategy for a family that is in a position to defer the return of a portion of its wealth, while providing a substantial benefit to the Temple in the meantime.
- **Donor Advised Fund:** A donor advised fund is established to collect individual contributions and invest them for the benefit of one or more charities. Donor advised funds are sponsored both by certain large non-profit organizations (including Combined Jewish Philanthropies) and certain mutual funds and brokerage houses. As a donor, you get an upfront tax deduction based upon the IRS guidelines at the time of the gift to the fund. The funds are invested and dedicated to eventual distributions to one or charitable organizations. You (and your family) decide how and when the funds are distributed. Such a fund therefore bears some resemblance to a private foundation, but avoids much of the complexity and expense that private foundations entail. Although the Temple does not administer any donor advised fund itself, we hope you would consider the Temple when selecting recipients from any fund you might establish, and we would be happy to work with you in making any such arrangements.

Legacy Circle: The Temple is creating a “Legacy Circle” to recognize those individuals who have made a bequest in their will, or made the Temple a beneficiary of their life insurance or

retirement plan. Initially, the minimum bequest for membership would be \$1,000. Our objective is to create a broad constituency who are committed to providing the long term financial safety net for the Temple's continued growth, future options and financial wellbeing.

Lasting Tribute: In any case, you may make any gift made in memory or in honor of one or more loved ones. Your gift, in that way, will be a lasting tribute to your loved ones, enduring, in effect, as long as the Temple.

Further Information: If you would like to learn more about any of the above planned giving options, please contact any of the following members of the Endowments, Gifts and Memorials Committee:

Judy Chudnofsky at judychud@comcast.net
Ken Davis, chair at kdavis@bulfinchgroup.com
Ed Ginn at eginnchestnut@msn.com
Louis Grossman at louis@grossmanco.com

You may also ask your legal or tax advisor to contact one of these members. If the member you contact is not able to address your specific issue, he or she may contact another member or put you in touch with another member. Together, we will try to address any reasonable question and to be as helpful as possible.

Legal Notice: This information set forth above is provided as aid to persons considering a possible gift to the Temple. It is intended only as a summary and not as any definitive legal or tax advice. Though the Temple believes such information to be accurate, the rules regarding charitable donations are complex and changing, and special rules may apply in your particular circumstances. You therefore should not rely on this information to make any final decisions. Rather, it is essential that you consult with, and rely on, your own legal or tax advisor. Insofar as any member of the Endowment Committee is acting on behalf of the Temple with respect to any prospective gift to the Temple, such member is not authorized to represent you or to provide any formal legal or tax advice to you.

