

A scenic landscape featuring a dirt road that curves through a wooded area. The trees are mostly bare, suggesting late autumn or winter. A white picket fence runs along the left side of the road, and a stone wall is visible in the foreground on the right. The sky is a clear, bright blue. The overall atmosphere is peaceful and natural.

# GUIDE TO GIFT PLANNING FOR THE LGBTQ COMMUNITY

**BLUE GRASS  
COMMUNITY  
FOUNDATION**  
WE'RE IN IT FOR GOOD.

To support the  
*Just Fund  
Endowment*,  
contact BGCF

(859) 225 3343

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## ABOUT JustFundKy

**JustFundKy** promotes fairness, justice and equality for lesbian, gay, bisexual and transgender Kentuckians. As a 501c(3) nonprofit corporation, we host public events that present a positive image of LGBTQ individuals and award grants to community-based organizations that advance fairness.

In 2006, **JustFundKy** created the Cliff Todd Endowment, which is invested with the Blue Grass Community Foundation. Each year, the earnings from the Endowment are used to fund projects around Kentucky to promote fairness for LGBTQ individuals.

We help train medical students at both the University of Kentucky and University of Louisville College of Medicine on providing health care to LGBTQ patients. We have helped bring to life theatrical productions about growing up gay in Appalachia. We have sponsored trans speakers at several college campuses. We have trained health care workers in nursing homes to be sensitive to LGBTQ clients. We sponsor LGBTQ writing competitions. We help train college students to be LGBTQ activists. We fund Black Pride workshops on religion and homophobia and support gay-straight alliances in the schools.

We are preserving Kentucky's rich and unique LGBTQ history—history that we are making together ... now.

For more information, please go to our website: [JustFundKy.org](http://JustFundKy.org) or e-mail us at [info@JustFundKy.org](mailto:info@JustFundKy.org).

Our mailing address is

**JustFundKy**  
P.O. Box 21815  
Lexington, KY 40522

**JustFundKy** would like to thank the Horizons Foundation of San Francisco for providing most of the material included in this guide. Their assistance has been invaluable.

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# WHY IS GIFT PLANNING SO IMPORTANT?

Let's face it: many of us put off planning for the future. Maybe we do so because it seems very complicated. Or maybe we're afraid to think about death. Or maybe we think our "estate" is too small for planning to matter, or we don't expect to have an estate at all. But gift planning doesn't have to be complicated. And, far from being somber, it's really about defining your own life and legacy—no matter how many or how few assets you have—and providing for the people and causes you care about.

Not planning, of course, means letting someone else plan for you—and in estate planning, that means the government's plan. If you are like most lesbian, gay, bisexual, and transgender (LGBTQ) people, the government's plan is likely to be very different from what you would want unless you are married. The state will not necessarily recognize your partner, your family or friends, or causes you care about—unless you take action. In fact, without the right planning, only the state or your legal relatives—no matter how distant—would determine the disposition of your assets, or even make fundamental medical, legal, and financial decisions if you become incapacitated prior to your death.

Gift planning is an opportunity. It's an opportunity to provide assets for yourself and those you love. It's an opportunity to give back to your community. It's an opportunity to ensure that your legacy reflects your life's work, your values, and your commitments. For LGBTQ people, it can be an opportunity to help create a world free of the discrimination and isolation that so many of us have experienced. Best of all, your planning can address all these goals—you don't have to choose just one.

*Quite simply, with a plan in place, you write your own legacy.*

## PLANNING BENEFITS YOU

Planned gifts can offer you compelling benefits:

- Giving you the peace of mind of knowing that your wishes will be carried out for your loved ones and the causes you care about
- Providing income streams for yourself or your loved ones
- Deducting a portion of a gift to be made in the future as an immediate charitable contribution
- Avoiding or reducing capital gains taxes on the sale of assets that have risen in value
- Memorializing your commitment to the LGBTQ community
- Knowing that the assets you carefully assembled over your lifetime will be managed and distributed according to the highest standards

**JustFundKy** has ways to recognize donors who have made a planned gift to the organization. Tell us about your plans and let us say thanks to you directly, if desired. And don't underestimate the impact of your letting your intentions be known—your example may well inspire others to make gift provisions in their own plans.



**Cliff Todd and Carlos Costa**

## PLANNING

## PLANNING BENEFITS YOUR COMMUNITY

By almost any measure, LGBTQ people have made tremendous gains in the past few decades. Yet even our basic human rights remain far from secure. Our organizations lack a stable source of funding even to meet our community's most vital needs. In fact, because many LGBTQ organizations are young—as the LGBTQ movement is still young—they are also fragile. Meanwhile, those who oppose our freedom, our families, and our love have financial resources far greater than our own.

*Together, we have the power to create a different world—forever.*

Your planned gift to **JustFundKy's** Cliff Todd Endowment will help propel our movement from fragility to strength, provide steady support through inevitable economic and political changes, and help ensure that our community can address needs and threats that we can't predict today. The simple fact is that, for most of us, we can give far more generously from our total asset base than our annual incomes. Whether that means \$500 or \$5 million, there's no such thing as an insignificant planned gift.

Many of us have truly been on the frontlines of history, whether we're lifelong activists or simply individuals living our lives as lesbians, gay men, bisexuals, and transgender people in our communities. Sometimes against great odds, we've created organizations, formed families, raised money, cared for those in need, celebrated and mourned in a world that still doesn't regard us as equals. We've built a vibrant and diverse community—now we have the opportunity to secure its future.

## HOW TO USE THIS GUIDE

This Guide to Gift Planning for the LGBTQ Community is intended to help you learn how to make a major difference with your legacy and to use gift planning as a powerful tool for merging your passions with the needs of the community. It's important to remember that you can accomplish multiple goals with your estate, providing for your partner, your family, your children, your friends, and your community. The guide highlights how planned gifts to **JustFundKy** are the key to securing our community's financial future.

In the pages that follow, you'll find information that will help you move forward in your gift planning:

- Taking stock of your goals and what you want your gifts to accomplish
- Learning about different types of assets and vehicles for giving
- Reviewing the next steps for completing your plans

This guide is offered as a resource to the LGBTQ community, but it is no substitute for professional legal and financial advice. We strongly recommend consulting with an attorney, accountant, and/or financial planner before completing any legal documents.

## WHERE DO I START?

Gift planning can seem overwhelming, particularly for LGBTQ people whose relationships may not fall neatly into the categories defined by current law.

The table below will help you get started—it shows different types of planned gifts and when they might be right for you. By matching them with your goals and needs, you can start figuring out how to create the legacy you want.

### PLANNING NOW, GIVING LATER

#### Bequests, Wills, Living Trusts, Life Insurance, Retirement Accounts

If you want to support the LGBTQ community but need the assets during your lifetime, a bequest made through a will or trust, or a gift of life insurance or a retirement account, may be the best vehicle. All of these are quite simple to do, either by adding language to your will/trust or by naming **JustFundKy** as the beneficiary of your life insurance policy or retirement plan after your death.

#### BENEFITS

- This method of giving is simple and accessible to almost anyone, whatever your financial circumstances.
- Your future gift to **JustFundKy** doesn't impact the resources available to you now.
- You may be able to make a larger gift than you could make during your lifetime.
- Your gift may lower the tax burden on your estate.

### GIVING THE ASSET NOW, RECEIVING THE INCOME FOR LIFE

#### Charitable Remainder Trust (CRT)

You may want to continue receiving income from an asset, especially during retirement, and provide for a substantial future gift to support the community. With a CRT, you can also minimize capital gains and income taxes. To set up a CRT, you can transfer securities, real estate, cash, or other assets to a trust that will ultimately benefit **JustFundKy**, but you retain the right to receive income for life or for a set number of years.

#### BENEFITS

- A CRT gives you a source of steady income.
- You can receive immediate income-tax benefits and eliminate or lower estate and gift taxes.
- You can make a charitable gift while maintaining, or enhancing, your current standard of living.

## SUPPORTING THE COMMUNITY NOW, HEIRS GETTING THE PRINCIPAL LATER

### Charitable Lead Trust

If you are in a high gift- and estate-tax bracket, you may wish to consider a charitable lead trust. This allows you to set up a trust for a set number of years, after which the assets pass to your partner or other heirs. Meanwhile, **JustFundKy** receives the income annually for the term of the trust, putting it to work for the LGBTQ community.

#### BENEFITS:

- Your gift goes right to work, during your lifetime.
- The trust minimizes or eliminates gift and estate taxes.
- Any growth in principal during the trust term passes to your heirs without gift or estate tax.

## GIVING PROPERTY WHILE RETAINING THE RIGHT TO USE IT

### Retained Life Estate

You might consider giving a home, vacation home, or other residence to **JustFundKy**, while retaining the right to use the property during your life. This provides you with an immediate tax deduction, and **JustFundKy** assumes ownership rights after your lifetime. This vehicle is particularly useful if you have more than one home or your home is your major asset.

#### BENEFITS:

- You get an immediate tax deduction.
- You can make a sizeable gift without liquidating your property.
- You can use the property during your lifetime.
- You relieve your heirs of the difficulties associated with selling property.

## USING PROPERTY AS PART GIFT, PART SALE

### “Bargain Sale” Real Estate

You can sell your home, vacation home, or other residence to **JustFundKy** at below-market rate and receive a charitable deduction for the difference between the sale price and the higher fair market value.

#### BENEFITS:

- You can make a significant gift while retaining the majority of your equity.
- You receive an immediate tax deduction.
- You avoid capital gains tax on the portion of the transaction that is considered a gift.
- You relieve yourself or your heirs of the difficulties associated with selling property.

## MAKING A GIFT TODAY

### Cash, Securities, Real Estate

If you have adequate resources to take care of yourself and the people you love, you might decide to make an outright gift of cash, appreciated securities, real estate, or tangible personal property. **JustFundKy** can use an outright gift immediately, and you qualify for immediate tax deductions.

#### BENEFITS:

- Your gift goes to work right away, meeting the community’s current needs.
- You get to see your gift make a difference.
- You get an immediate tax deduction.
- You avoid capital gains tax on appreciated assets, including stock and real estate.

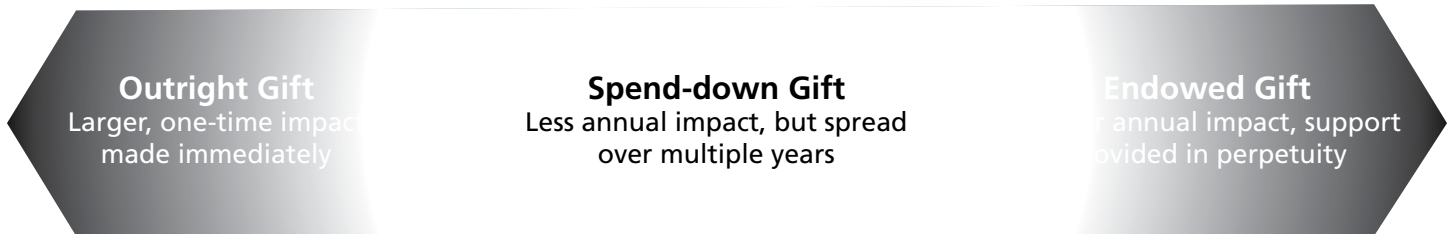
## WHAT DO I WANT MY CHARITABLE GIFTS TO ACCOMPLISH?

When you make a gift plan, you have the opportunity to consider carefully what you want to accomplish with the legacy you leave. For many people, this means taking care of your loved ones while also supporting specific organizations, interests you're passionate about, and/or your wider community. With your goals in mind, you can choose the best way to meet them.

▼ This section provides a framework for understanding different giving options to support [JustFundKy](#)

## DIFFERENT GIFTS, DIFFERENT KINDS OF IMPACT

As you begin your planning, it's important to consider what kind of impact you want your gift to make for the nonprofit you support. There are three general types of gifts, each of which is best for a certain type of impact:



- An outright gift gives assets directly to the beneficiary all at once. For example, an outright gift to [JustFundKy](#) lets it put the resources to work right away on pressing needs.
- An endowed gift is held in perpetuity, with payouts (typically around 5%) coming from the interest and earnings generated by the endowed funds. An endowed gift provides stable, dependable resources for the long-term health of an organization, cause, or community you care about. Many donors prefer endowed gifts not only because they give vital long-term support, but also because an endowed gift often offers a powerful way to mark a personal legacy.
- A spend-down gift lies between these two, combining the dependability of an endowed gift (though only for a fixed number of years) with the more concentrated impact of an outright gift (though at a more moderate level). An example of such a gift would be a bequest to [JustFundKy](#) that is spread over five years, with one fifth of the total gift going to the organization each year.

For more details on different types of planned gifts, see [What Tools Can I Use to Make a Planned Gift?](#), talk to your professional advisors, or call [JustFundKy](#).



## THINGS TO THINK ABOUT

As you think about the gifts you want to leave, here are some factors to consider:

- What is the total value of the assets you're giving? Every gift is valuable, so as to make the most of it, you'll want to choose the most effective giving vehicle(s) for your giving level. (For example, if you're making a fixed gift of \$1,000, a bequest may be the best option, whereas if you want to create an endowed fund with a restricted purpose, it will be most effective with gifts of \$100,000 or more.)
- How do you feel about the challenges facing the LGBTQ community? Different situations may benefit more from immediate funds or from long-term support (or somewhere in between).
- If you are thinking about making an impact over a longer period, we recommend moving your focus towards unrestricted gifts. Because none of us can predict what the most urgent issues may be 25 or 50 years from now, such gifts offer the most flexibility for addressing community needs.

## THE CLIFF TODD ENDOWMENT

Many people care deeply about the LGBTQ community, but may not know where their gift will do the most good. This is especially true if you are thinking about where your gift will be needed most in 10, 25, or 50 years. None of us really knows what will be most important decades into the future.

That's why **JustFundKy** established the Cliff Todd Endowment, which is a single, permanent fund dedicated in perpetuity to the freedom and well-being of our community. The Endowment will be there—forever—to help ensure that the LGBTQ community in Kentucky can address needs and threats we can't predict today, and to provide steady support through inevitable economic and political change.

The Cliff Todd Endowment is designed to help donors create personally meaningful legacies and to strengthen and support our community. Through the Cliff Todd Endowment, you can make an unrestricted endowment gift.

**JustFundKy's** federal tax ID number is 20-8465456.



*"When my partner Jack Burch passed away, he left part of his estate to **JustFundKY**. Jack knew that it's hard to predict what the pressing needs of the LGBTQ Community will be in the days ahead. But he had confidence **JustFundKY** would make the best use of his contribution. That's why he chose to donate to **JustFundKY's** endowment."  
—Lanny Adkins*

*"The lesbian, gay, bisexual, and transgender community has been an important part of my life, and I want to make sure that our movement is strong for years to come. I want my legacy to be about more than simple dollars. We can show that we believe in the LGBTQ community and in our collective power to stand up, stand together, and take care of the generations to follow. That's why **JustFundKy** is part of my legacy."  
—Marsha Moors-Charles*



## WHAT KIND OF ASSETS CAN I GIVE?

Many different types of assets can help support the LGBTQ community. Although the focus of this guide is on planned giving, most assets—including all the ones briefly described here—can be used for current gifts as well. (The next section includes information about the tools for giving them.)



### CASH

Cash—from savings and checking accounts, money market funds, and certificates of deposits (CDs)—is the most flexible asset of all, and can be a simple but important element of your gift planning.

When you make a donation to JustFundKY directly into our account at the Bluegrass Community Foundation you may be able to receive unique tax advantages. Ky law currently allows you to take both a tax deduction and a tax credit for donations to charities through Community Foundations. You may be able to get up to 20% tax credit (in addition to a tax deduction) for your donation to JustFundKY (limit of \$50,000). Contact JustFundKY or the Bluegrass Community Foundation for details.

### APPRECIATED SECURITIES

When you make a planned gift of securities (stocks, mutual funds, bonds, etc.) that have increased in value and been owned at least one year, your heirs and charitable beneficiaries receive a double benefit—the gift avoids tax on the appreciation and the value of the assets can be deducted from the estate for tax purposes. That means the actual cost of giving may be quite low. If you itemize your income tax deductions, you can deduct up to 30% of your adjusted gross income on gifts of appreciated property; as with cash gifts, you can carry any unused deduction forward for up to five more years.

NOTE: If you wish to donate assets that have decreased in value, you should generally sell them first, take the loss if applicable, and then donate the cash proceeds to [JustFundKy](#).

## REAL ESTATE

Gifts of real estate—whether a personal residence, vacation home, commercial or rental property, or farm—can provide valuable resources to your community and make management/maintenance issues dramatically easier for you and your heirs. For many of us, real estate represents our largest asset—and the asset with the greatest philanthropic potential. Like appreciated securities, real estate gifts offer twice the tax benefit of a cash gift: an immediate charitable tax deduction and the opportunity to avoid capital gains tax.

**NOTE:** Because of the special nature of real estate, nonprofits carefully evaluate each property to ensure that it meets specific guidelines before accepting the gift. Please contact [JustFundKy](#) first if you're considering giving real estate.



## RETIREMENT ACCOUNTS

When you make [JustFundKy](#) the designated beneficiary of your retirement fund, you avoid both income taxes and estate taxes (if applicable) that can be levied on this asset. Those taxes can total up to 70% of the account's value. By using a retirement account for a planned gift, the entire amount of the account goes to support [JustFundKy](#).

## LIFE INSURANCE

If you have life insurance that you no longer need for another purpose, you can use it to make a future gift at a limited immediate cost by redesignating the beneficiary as [JustFundKy](#). Some life insurance gifts entitle you to an immediate tax deduction.

## CLOSELY HELD STOCK

You can also make gifts of closely held stock, which is privately owned and not publicly traded. Please note that if you are considering a gift of closely held stock, it's important that you make the gift before you enter into any written agreement with either the corporation or a potential purchaser.



## PERSONAL PROPERTY

Gifts of personal property—such as books, art, furniture, jewelry, musical instruments, coins, and stamps—may also be donated to [JustFundKy](#). Special rules apply for these donations, so it's important to talk with our staff beforehand (whether contributing the gifts now or through your estate).

## WHAT TOOLS CAN I USE TO MAKE A PLANNED GIFT?

This section gives more details about various ways you can make planned gifts:

- Bequests
- Retirement fund gifts
- Life insurance gifts
- Charitable remainder trusts
- Charitable lead trusts
- Real estate gifts

As always, be sure to consult an attorney in preparing legal documents. **JustFundKy** staff and the staff of the Blue Grass Community Foundation are also available to answer questions that you or your advisor may have and to assist with planning ideas.

# BEQUESTS

A bequest is simply a provision in your will or living trust that gives the beneficiary organization a percentage of your estate, specific dollar amounts, or particular assets. As described above, a bequest can be an outright gift, “spend-down” gift, or endowed gift. A bequest to **JustFundKy** is not subject to estate taxes and you can deduct up to 100% of your charitable planned gifts (unlike income taxes, where there are deduction limits).

For this type of gift, it’s essential that you have a will or living trust, which lets you decide exactly how your property will be distributed, rather than defaulting to the government’s plan. You can even make a contingent bequest, which makes your gift dependent on the occurrence of a specific event (for example, if an intended beneficiary predeceases you.)



## WHAT ARE THE BENEFITS?

- A will or living trust lets you remember **JustFundKy** as part of your legacy, in addition to providing for your spouse, partner, friends, and others.
- A carefully drafted will or living trust may significantly reduce the administrative costs and tax liability associated with distributing your property after your death.
- A living trust can save time in distributing your assets to your heirs.
- A living trust also lets you dictate how you want your financial and other affairs handled, should you become incapacitated.
- By making an endowed gift, you can leave a legacy to **JustFundKy** that will continue to help people for generations after you are gone.
- You can modify a will or living trust over the years to reflect your changing interests and circumstances.

## SAMPLE LANGUAGE FOR BEQUESTS

Below are examples of language you can use for different types of bequests. **JustFundKy**, Blue Grass Community Foundation and/or your professional advisors can also help you incorporate language that provides for specific interest areas.

### Percentage of your estate:

"I give \_\_% of my estate to **JustFundKy**, located in Lexington, Kentucky, for its general charitable uses and purposes." (Using a percentage allows your charitable plans to remain proportionate to the value of your assets if they change.)

### Fixed amount of money:

"I give \$\_\_ to **JustFundKy**, located in Lexington, Kentucky, for its general uses and purposes."

### Real estate or other property:

"I give (description of the property, including exact location) to **JustFundKy**, located in Lexington, Kentucky, for its general charitable uses and purposes."

### Residual bequest:

"I give the residue of my estate to **JustFundKy**, located in Lexington, Kentucky, for its general charitable uses and purposes." (The residue is the amount remaining in an estate after other specified gifts have been made.)

You can also include contingent bequests, where gifts are made only under certain conditions (for example, if an heir predeceases you).

# RETIREMENT FUND GIFTS

Wherever you fall on the wealth spectrum, you may want to consider naming **JustFundKy** as a beneficiary of your retirement plan. It's easy to do and can make the most of the money you've saved.

Because both estate and income taxes are levied on retirement plan assets, your heirs might be left with just a fraction of the original amount of a tax-deferred retirement plan. Even if your estate won't be liable for estate taxes, your heirs will still pay income tax at your highest tax rate. You can leave other assets to loved ones at a lower tax cost and use the retirement plan to benefit **JustFundKy**.

When you name **JustFundKy** as a beneficiary of your IRA, 401(k), 403(b), or other qualified retirement plan, the money passes as whole dollars to **JustFundKy**. As with other planned gifts, you have the option to divide the funds from your retirement account among personal and/or charitable beneficiaries.

## WHAT ARE THE BENEFITS?

- You'll ensure an efficient distribution of assets in your estate.
- Your heirs may avoid the double taxation of tax-deferred retirement assets from both income and estate taxes, which can range as high as 70%.
- Upon your death, your remaining plan assets are passed to **JustFundKy** tax-free.
- You leverage your ability to make gifts—your heirs get other gifts without tax liability and your favorite nonprofits are provided for in a way that benefits your overall estate.
- If you make an endowed gift, you'll leave a permanent legacy for **JustFundKy**.

## OPTIONS FOR RETIREMENT FUND GIFTS

- Beneficiary—Name **JustFundKy** as the beneficiary of your qualified retirement plan.
- Partial beneficiary—Name **JustFundKy** as the beneficiary of a portion of your remaining plan assets, along with other beneficiaries.
- Contingent beneficiary—Name **JustFundKy** as a contingent beneficiary of your retirement plan, meaning the organization will receive your retirement assets only if your primary beneficiary is deceased or if s/he decides then to let the nonprofit receive the asset.

## LIFE INSURANCE GIFTS

Sometimes, life insurance is no longer needed for its original purpose—your heirs are grown, your partner is financially secure, or the policy is not needed to pay estate taxes. When you designate **JustFundKy** as the beneficiary of the policy, you can make an important future gift to the organization while reducing income or estate taxes.

## WHAT ARE THE BENEFITS?

- You may reduce your income or estate tax liability.
- You'll leave a legacy to **JustFundKy**.

## OPTIONS FOR LIFE INSURANCE GIFTS

- Fully paid policies—Donate the policy to **JustFundKy** by irrevocably naming the organization as both the beneficiary and owner of the policy.
- Partly paid policies—Donate the policy to **JustFundKy**. If you continue to pay the premiums, they're tax-deductible as well.
- New policies—Purchase a new policy and name **JustFundKy** as both the beneficiary and owner of the policy; all the premium payments you give the nonprofit would be tax-deductible.
- Contingent beneficiary—Name **JustFundKy** as a contingent beneficiary of your policy, meaning the organization will receive the insurance payout only if your primary beneficiary is deceased or if s/he decides then to let the nonprofit receive the payout.

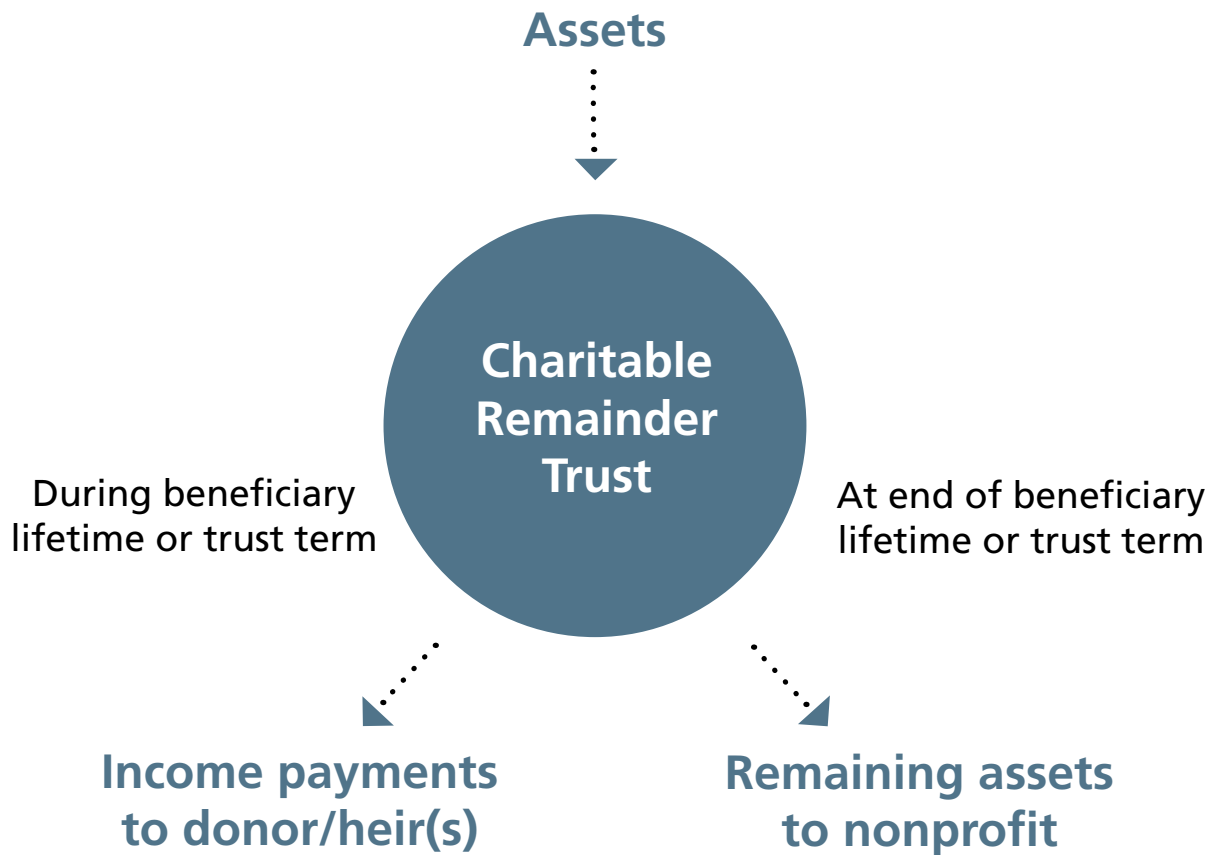


# CHARITABLE REMAINDER TRUSTS

You can make a significant gift to **JustFundKy** while preserving—or even enhancing—your financial security through a special tax-advantaged life income trust, known as a charitable remainder trust (CRT). These widely used trusts are best for highly appreciated assets such as securities or real estate, and provide a great opportunity to create income streams from assets that aren't generating as much revenue as desired. What's more, at the end of the trust, you will have made a substantial gift to the community.

There are two kinds of CRTs: variable income and fixed income. Either of these can distribute income to you and/or your spouse or partner (or other beneficiaries) for life or for a set number of years. You can also create a CRT through your will or living trust. The gift functions in the same way as one created during your lifetime: your estate will receive a tax deduction for the value at the time of the gift, and your beneficiary(ies) will receive income for a specific number of years or for life. In each case, the trust remainder assets then go to **JustFundKy**.

One of the most important benefits of all life income trusts is that they can be customized to meet your specific financial, tax, and estate planning needs. Please note, though, that once made, gifts to CRTs are irrevocable. Also, because each trust is individually tailored, CRTs almost always require a minimum contribution of \$250,000 (depending on your choice of trustee).





## WHAT ARE THE BENEFITS?

- CRTs create (and possibly increase) income for you and become an important future gift for the LGBTQ community.
- You receive an immediate income-tax deduction for your charitable gift.
- You avoid any capital gains tax on the assets used to fund the trust and diversify your assets.
- Payments can begin immediately, or you can choose to defer them until later.
- CRTs may benefit multiple beneficiaries, providing support for yourself, your spouse, partner, your child(ren), or others who depend on you.
- You may reduce the taxes on your estate.
- The trust assets can receive professional management services.

## OPTIONS FOR CHARITABLE REMAINDER TRUSTS

- Variable income (charitable remainder unitrust)—A variable income trust pays out a percentage of the trust's assets. This results in income payments that rise or fall based on the annual value of the trust's assets. At the end of the beneficiary lifetime or the trust term, the remaining trust principal goes to **JustFundKy**.
- Fixed income (charitable remainder annuity trust)—A fixed income trust generates an annual payment that is determined at the outset and never varies. At the end of the beneficiary lifetime or the trust term, the remaining trust principal goes to **JustFundKy**.
- Deferred charitable remainder trust—If you don't need additional income now but do want it in later years, consider a deferred charitable remainder trust. In this option, income accrues until a future date that you specify. You'll still receive the income-tax deduction now and tax-free growth during the income deferral period.

You can use cash, securities, or other property (such as real estate) to set up a CRT. Using appreciated securities (stocks, bonds, mutual funds) or real estate is particularly attractive because you can benefit from capital gains tax savings. Often, you can increase your income when you contribute low-yielding assets that are then reinvested for higher return.

A minimum part of the CRT's assets must go to the nonprofit (**JustFundKy**).

## **EXAMPLE:** TAKING STOCK OF LGBTQ PROGRESS VARIABLE INCOME (CHARITABLE REMAINDER UNITRUST)

Elissa cares deeply about the LGBTQ community and has decided to transfer shares of stock that she originally purchased many years ago for \$100,000—and which are now worth \$400,000—into a 5% unitrust. She is 67 years old.

### **The outcome:**

- She receives a \$191,788\* income tax deduction.
- She avoids paying \$60,000\* in capital gains taxes, and that money is also reinvested to provide income to her.
- In the first year, she receives \$20,000 in income from the trust. (Future income will rise or fall with the value of the trust's assets.)
- At the end of the trust, the beneficiary nonprofit receives a substantial gift (the exact amount will depend on the length of Elissa's life and the payout percentage).

\* Assumes an AFR of 3.4%, and combined state and federal capital gains rates of 20%. In this example, the person is not married.



## EXAMPLE: BENEFITTING MUTUALLY FIXED INCOME (CHARITABLE REMAINDER ANNUITY TRUST)

Marc is retired and would like to diversify his assets and receive predictable income. He is 72 years old. He's also very interested in supporting programs for LGBTQ people of color because he has always been proud of his Guatemalan heritage. He transfers \$375,000 in low-yielding mutual funds, which have a cost basis of \$40,000, into a 6% annuity trust. The trust will make income payments of \$22,500 to Marc—based on the initial trust value—for the rest of his life.

### The outcome:

- Marc's annual income from these assets increases from almost nothing to \$22,500.
- He receives an income tax deduction of \$151,520.\*
- He avoids paying \$67,000\* capital gains taxes.
- The beneficiary nonprofit receives a substantial gift at the end of the trust (the exact amount will depend on the length of Marc's life and the payout percentage).

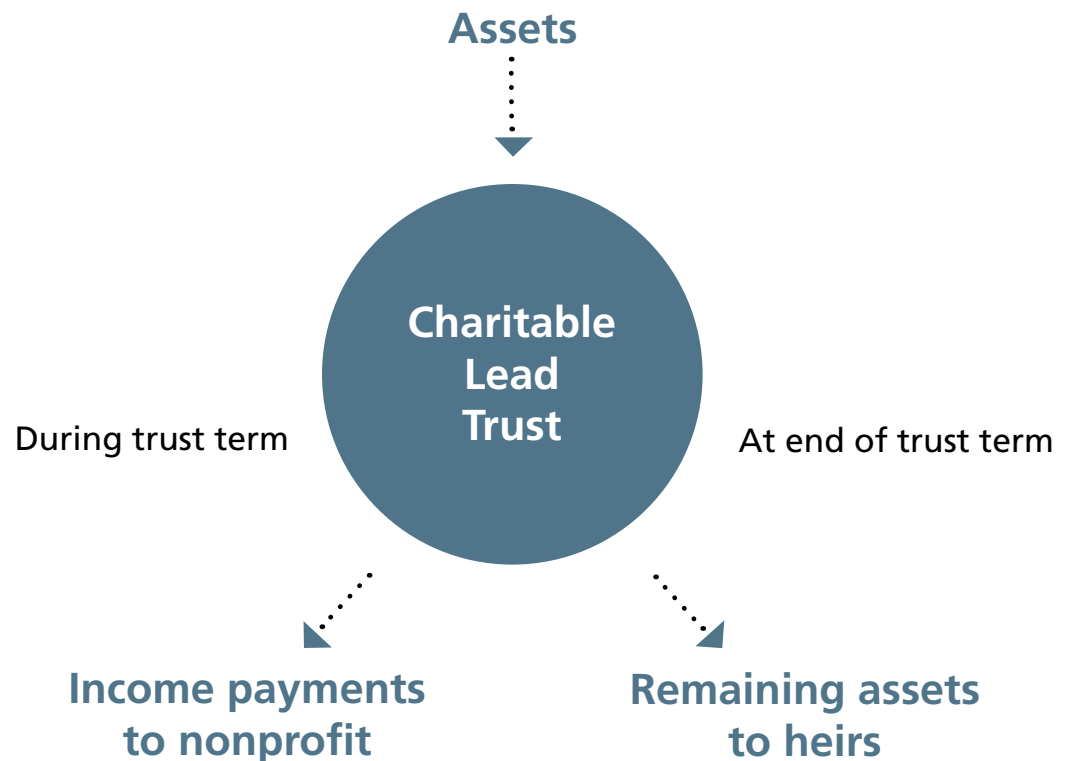
\* Assumes an AFR of 3.4%, and combined state and federal capital gains rates of 20%. In this example, the person is not married.

# CHARITABLE LEAD TRUSTS

A charitable lead trust (CLT) can be an unusually powerful way to support **JustFundKy** that also benefits your heir(s). A CLT is often described as the reverse of a remainder trust (see above) and is best for low-basis assets. In a CLT, the donated assets are converted to income-producing assets—typically ones that have potential for appreciation. The assets are placed in a trust, which reinvests when appropriate, but there are no capital gains taxes. **JustFundKy** benefits by receiving an income stream for a fixed number of years. You also receive an income-tax deduction when you put the assets into the trust.

After the fixed period ends, the trust principal with any appreciation is returned to your chosen heirs. In addition to providing important income for **JustFundKy**, a charitable lead trust both reduces the gift or estate tax you pay and passes the remaining trust principal to your heirs.

Please note that CLTs almost always require a contribution of at least \$250,000 (depending on your choice of trustee).



## WHAT ARE THE BENEFITS?

- CLTs benefit both **JustFundKy** and your heirs, and can be funded during your lifetime or through your will.
- You'll receive an immediate income-tax deduction and reduce the gift or estate tax that may be owed.
- The trust assets can receive professional management services.



# REAL ESTATE GIFTS

Gifts of real estate can provide significant resources to **JustFundKy**, while offering you benefits such as reducing your income tax liability, avoiding capital gains taxes on the property's appreciation, and relieving you or your executor of the burden of selling the property. For many of us, our home is our most valuable asset and can be the means of making very substantial gifts to **JustFundKy**.

You can give real estate outright, whether during your lifetime or through a will or living trust. An outright gift of real estate can be particularly useful when you have a property you no longer use or no longer want to bother with (for example, rental property).

You can also give the property as a life estate gift, which means you retain the right to live in your home for life (during which time you're responsible for property taxes, insurance, and maintenance) and pass it to **JustFundKy** after your death. The advantage of this approach is that you can claim an immediate tax deduction for the value of the future gift, based on the property's full fair market value and your age or the age of other life tenant(s).

Another way to benefit **JustFundKy** is through a "bargain sale" gift, which is part gift and part sale. You sell the property to **JustFundKy** at a below-market rate and receive a charitable deduction for the difference between the sale price and the higher fair market value. In this way, you keep part of any gains for your own support and still make a large gift to **JustFundKy**.

## WHAT ARE THE BENEFITS?

- You receive an immediate income-tax deduction.
- You avoid capital gains tax on the property's appreciation.
- The property avoids probate and is free of estate taxes (if applicable).
- You (or your executor) avoid the burden of selling the property.

## EXAMPLE: FINDING A HOME FOR A GIFT

Now that Gina has retired, she wants to travel without worrying about a small rental property she owns. The building, purchased for \$150,000, is now valued at \$700,000. By giving the property to **JustFundKy**, she'll receive a charitable income-tax deduction and avoid capital gains tax on the building's appreciation. She can take an income-tax deduction of up to 30% of her adjusted gross income and carry over the remainder for up to five years. Depending on Gina's income, she may wind up owing no income tax for the next five years.

## OPTIONS FOR REAL ESTATE GIFTS

Real estate gifts can be made through a number of planned-giving tools, including:

- Bequest—You can leave a gift of real estate to **JustFundKy** through your will or living trust.
- Outright gift—You can deed the property directly to **JustFundKy**.
- Retained life estate gift—You retain the right to live in your home for life and pass it to **JustFundKy** after your death. You can also designate other life tenants (such as your partner).
- Partial interest gift—You may deed an “undivided fractional interest” of your property to **JustFundKy**. When the property is sold, the proceeds will be allocated proportionally to **JustFundKy** and any other owners. Such an allocation can affect the potential capital gains tax at sale.
- Charitable remainder trust—you can transfer the property or a fractional interest in the property to a remainder trust. The property will then be sold and the proceeds reinvested to generate income.
- Charitable lead trust—Income-producing real property may be placed in a lead trust. The income goes to **JustFundKy** for a fixed number of years, and afterwards, full ownership is transferred to your heirs at reduced transfer taxes and costs.
- Bargain sale gift—You sell the property to the nonprofit at a below-market price and receive a charitable deduction for the difference between the sale price and the fair market value.



# WHAT ARE MY NEXT STEPS?

As you create your estate plans, there are many resources that can help you, including professional advisors (such as an attorney or financial planner), your friends, and community leaders you trust and respect. **JustFundKy** and the Blue Grass Community Foundation can also serve as an important resource—and while we are dedicated to the strengthening the LGBTQ community both now and for generations to come, we are equally committed to helping donors match their individual passions and dreams with gift plans that satisfy their goals.

## 1 .....▶ MAKE A PLAN

- Make an inventory of your assets. This should include a description of your retirement plan (including the value and the distribution options), the ownership of any life insurance policies, and descriptions of real estate and other property.
- Decide which people and nonprofits you would like to benefit from your estate. Think about what you would like your gifts to accomplish, whether you want to make outright or endowed gifts, and how comfortable you feel in predicting what our community will need in the future. You may find it helpful to write a brief statement of personal and charitable goals.
- Find an attorney who regularly drafts wills, trusts, and other estate plans for LGBTQ people. If you don't have an attorney, ask friends for references. Many attorneys offer free consultations and can give you an estimate for drafting your estate plan.
- If you already have a will or living trust, consult an attorney to add a codicil/amendment that provides for **JustFundKy**. A codicil or amendment is a simple, inexpensive way to make changes or additions to your will or living trust.

## 2 .....▶ TALK WITH YOUR ADVISOR

- Review your personal and charitable objectives with your attorney (or other professional advisor if you have one). You can also talk with **JustFundKy** staff and the staff of Blue Grass Community Foundation, who work with donors to help them create meaningful legacies. Work together to define what you want your legacy gift(s) to accomplish at **JustFundKy**.
- For real estate gifts, provide a preliminary description of the property. Because of the special nature of real estate, **JustFundKy** carefully evaluates each property to ensure that it meets specific guidelines before accepting the gift.
- Talk about different planned gift options that might be most appropriate for you, including whether you wish to make the gift during your life or through your estate.
- In consultation with your advisor, select the alternatives that best suit your goals and assets.
- When appropriate, select a trustee to handle trust administration and investments. Your advisor can assist you in finding the trustees that you feel are most appropriate.



## 3 .....▶ GATHER INFORMATION

- Contact **JustFundKy** and ask us to provide you with sample bequest language, legal names, and tax ID numbers. If you wish to receive acknowledgment for your planned gifts, tell **JustFundKy** about your commitment to them—your example may well inspire others.
- For retirement plans, request and complete a change of beneficiary form provided by your plan administrator and designate **JustFundKy** as a beneficiary.
- For life insurance, contact your insurance agent or company for instructions on changing the ownership and/or beneficiary on your policy.
- Carefully review the materials and agreements that your attorney has draft to fit your needs.

## 4 .....▶ FOLLOW YOUR PLANNING TO COMPLETION

- Complete all the paperwork with your attorney needed for the planned gifts you've chosen. Store your copy in a safe place and review it periodically to keep it up-to-date with your circumstances.
- Optional: If you want to share the details with **JustFundKy**, provide us with copies of your will, trust, policies, and/or beneficiary designations. This can be done on a confidential basis as well.
- Where available and desired, receive recognition from **JustFundKy** for your generous gift. Your gift helps encourage others to support the LGBTQ community in their estate plans.



# CONCLUSION

Gift planning is a profound opportunity to make a statement about all you hold most dear—your loved ones, your passions, your community. The thought and care you put into making plans today will give you the peace of mind of knowing your legacy will indeed reflect your life, your beliefs, and your values.

When you support **JustFundKy**'s Cliff Todd Endowment, you'll also be part of a wider movement to meet the needs, secure the rights, and celebrate the lives of LGBTQ people for years to come. Your commitment and leadership can serve as a powerful inspiration to others.

Our history clearly demonstrates LGBTQ people's collective strength in overcoming seemingly insurmountable obstacles. Together, our collective generosity will help ensure that the LGBTQ community keeps making progress for generations.

Thank you very much for considering **JustFundKy** in your plans.







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