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CREATE YOUR LEGACY

MAKE A LASTING IMPACT

United Way
GREATER CLEVELAND

CLEVELAND Foundation
ORGANIZATIONAL FUND PARTNER

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SUPPORT YOUR COMMUNITY FOREVER

As a United Way of Greater Cleveland donor, you have made a commitment to create a better future for everyone in our community.

We appreciate your trust in us and on behalf of all the people whose lives are changed each and every day, we thank you. But what if we could do more, together? We invite you to join our Legacy Circle, a group of dedicated supporters who have their eyes on the community's future, by designating a planned gift to United Way of Greater Cleveland. By contributing to our endowment fund, you will make an impact that will be felt not only during your lifetime, but for generations to come.

There are many ways to create your legacy. In the following pages, you will find descriptions of a number of financial vehicles to consider. We encourage you to consult with your financial planner or attorney to determine the best fit for your financial situation. A planned gift to United Way of Greater Cleveland will ensure that your generosity continues beyond your lifetime and will create a lasting legacy for you and your family.

HOW TO ENDOW YOUR UNITED WAY GIFT

There are many ways for you to contribute to our community's future with a gift to United Way. The best one for you will depend on your personal and financial situation.

To perpetuate or "endow" your annual United Way gift, you would designate a gift, either outright or deferred, of at least 20 times your annual gift. For example, if you wish to perpetuate a $25,000 annual gift, you would make a gift of at least $500,000. If this is a current gift, the principal of the gift would be held in United Way of Greater Cleveland's Endowment Fund.

You could also hold the principal of this gift in your private foundation or an institution of your choosing. The income generated each year would perpetuate your annual gift. If it is a deferred gift, it would come into effect at your passing. There are a number of financial vehicles to consider that offer the potential for income, capital gains tax savings or deductions that may reduce estate taxes. In addition, some employers match employee gifts, which can further lower your cost.

Designating United Way in your will or trust.

This is a very popular giving technique. You can designate an amount or a percentage of your estate to United Way of Greater Cleveland.

Outright gift of appreciated assets.

You can contribute cash or transfer appreciated stock to United Way of Greater Cleveland. You receive an income tax deduction and, for the stock, you avoid the capital gains tax.

Designating United Way the beneficiary of a retirement account.

This gift is simple to make and beneficial from a tax viewpoint. If you are looking for a tax-efficient asset to contribute, this might be the option for you. Work with your account administrator, as it avoids income tax and, in some cases, state taxes.

Gifts that pay income, commonly known as "split interest gifts" such as a charitable gift annuity, charitable remainder trust or charitable lead trust.

These gifts can provide income to you and your spouse and also benefit United Way of Greater Cleveland.

Make United Way of Greater Cleveland beneficiary of a life insurance policy.

To receive an income tax deduction, make sure that United Way of Greater Cleveland is the beneficiary and owner of the policy. The value of the policy or future premiums you pay will be tax deductible. Life insurance is a particularly good option for donors in their 40s and 50s since premiums are lower.

WILLS AND TRUSTS

It's easy to make a gift in your will or trust.

WHO CAN USE THIS APPROACH?

Wills or living trusts are the most common ways to plan for your estate. Anyone can take advantage of a bequest provision or living trust.

A gift through your estate plan allows you to:

- Care for your loved ones and be generous to your community through United Way of Greater Cleveland
- Maintain control of your assets during your lifetime.
- Change your mind if your circumstances change.

Language included in your estate plan can be as simple as the following:

A gift of cash or a specific amount or asset:
"I give $ for gift of stock to United Way of Greater Cleveland."

A percentage of your estate:
"I give % of the remainder of my estate to United Way of Greater Cleveland."

The remainder of your estate :
"I give the remainder of my estate, after other beneficiaries have been satisfied, to United Way of Greater Cleveland."

When your attorney is preparing your will or estate plan, please use our full legal name — United Way of Greater Cleveland.

HYPOTHETICAL EXAMPLE

Richard and Sarah have been faithful donors who believe it is important to support the mission of United Way of Greater Cleveland in the community. They want to perpetuate their annual gift while also leaving a generous legacy to their children. Since Richard and Sarah already have a will, they need to ask their attorney to prepare a codicil (amendment) stating their desire to make a bequest to United Way of Greater Cleveland.

GIFTS OF APPRECIATED ASSETS

This gift provides immediate income to United Way of Greater Cleveland and establishes your legacy during your lifetime.

WHO CAN USE THIS APPROACH?

Individuals who donate appreciated assets, e.g. stock, not only make an immediate impact, but also will avoid capital gains tax and receive an income tax deduction.

An outright gift of appreciated assets, when invested in United Way of Greater Cleveland's endowment fund, generates sufficient income to perpetuate your annual gift.

If you donate appreciated securities held long-term and transfer them directly to United Way of Greater Cleveland, they are not subject to capital gains tax. This will increase the size of the gift. You will be able to deduct the value of the stock on the date of the gift.

HYPOTHETICAL EXAMPLE OF A GIFT OF LONG-TERM APPRECIATED STOCK

Robert and Kathy are both highly-paid professionals who received large bonuses at the end of the year. They also have a significant portfolio of highly-appreciated stock purchased many years ago. Robert and Kathy strongly believe in supporting their community through United Way of Greater Cleveland. They decide to contribute stock they purchased for $50,000 that is now worth $200,000 to endow their annual gift. Because this stock is being transferred to United Way of Greater Cleveland, they avoid capital gains tax. They also will receive a significant income tax deduction.

	Gift in Stock	Gift in Cash
Size of Your Gift:	**$200,000**	**$200,000**
Income Tax Savings:	**$70,000**	**$70,000**
Capital Gains Tax Savings:	**$22,500**	**None**
After-Tax Cost to You for this Gift:	**$107,500**	**$130,000**

Information and calculations are for illustrative purposes only and should not be considered professional advice. Your actual benefits may vary depending on the nature and timing of the gift and your particular circumstances.

RETIREMENT ACCOUNTS

You may designate United Way of Greater Cleveland as a beneficiary of your retirement plan, including any 401(K) plans or individual retirement accounts (IRAS).

WHO CAN USE THIS APPROACH?

Anyone with a retirement account may designate United Way of Greater Cleveland as a beneficiary organization. Designating United Way of Greater Cleveland as the beneficiary of a retirement plan or IRA is a great way to maintain the full value of your account and not have it reduced by estate tax or income tax paid by your heirs.

When making a choice about which assets to pass along to heirs and which to give to United Way of Greater Cleveland, designating United Way of Greater Cleveland as the beneficiary of a retirement asset might be the most tax-efficient strategy.

Income taxes and, in some cases, estate taxes could shrink an heir's inheritance of a retirement asset by 60 percent or more. Because United Way is a nonprofit organization, no taxes will be paid and your gift will not shrink. Designating United Way as the beneficiary of a retirement asset is simple, often only requiring a change-of-beneficiary form. It's also flexible — if your situation changes, you can change your beneficiary(ies) and the funds are available for your use during your lifetime. Gifts of this nature should be discussed with your financial adviser to fully understand the planning implications for your own situation. Your retirement plan administrator can provide guidance on your plan's change-of-beneficiary procedures.

HYPOTHETICAL EXAMPLE

Barbara retired after 40 years as a technology specialist and has donated to and volunteered for many years at United Way, she wants to perpetuate her annual gift. She sees naming United Way beneficiary of her retirement asset the best way to accomplish her goal, leaving other assets to heirs. Barbara continues to receive income from her retirement asset during her lifetime. Ultimately, United Way will receive her gift and Barbara's community impact will continue. Below compares the tax implications of transferring funds from her IRA to United Way of Greater Cleveland vs. leaving it in her estate.

	Transfer to United Way	Pass to Heirs Through Estate
Value of IRA:	**$200,000**	**$200,000**
35% Estate Tax(1):	**$0**	**$70,000**
Transfer to Heirs:		**$13,000**
33% Inc. Tax to Heirs:		**$42,900**
Total Transfer:	**$200,000**	**$87,100**
Total Tax:	**$0**	**56%**

(1) Assumes all of the IRA is taxed at a rate of 35%
Information and calculations are for illustrative purposes only and should not be considered professional advice.
Your actual benefits may vary depending on the nature and timing of the gift and your particular circumstances.

GIFTS THAT PAY INCOME

These gifts provide income to you or your beneficiaries during your lifetime (or theirs) and benfit your Community.

WHO CAN USE THIS APPROACH?

Split interest gifts generate income enabling you to pursue your philanthropic goals while helping provide living expenses. Charitable trusts offer flexibility and control over your charitable beneficiaries as well as lifetime income, thereby helping with retirement, estate planning and tax management.

Gifts that Pay Income/Split Interest Gifts

These are structured so that the income from the asset is separate from the asset itself. The income benefits one person or group of people and the asset goes to another. The most popular "split interest" gifts are: Charitable remainder trusts: these gifts involve assets that produce a fixed or variable annuity to the donor and/or spouse over two lifetimes and/or a term of years. The assets then pass to United Way of Greater Cleveland. The donor receives a deduction for the charitable portion of the gift subject to limitations. Charitable lead trusts are the reverse of charitable remainder trusts. The owner of the asset designates United Way of Greater Cleveland as recipient of the annuity from the assets. Then, on his or her death, the assets return to the donor or beneficiary named by the donor. Charitable lead trusts are used to benefit United Way with current income and optimize value of the assets that will pass along to the heirs tax-free. Charitable gift annuities are used by donors over age 60 who want to benefit from a relatively high-income stream and also make a gift to United Way of Greater Cleveland, receiving an income tax deduction. The gift of appreciated stock will not be reduced in size because no immediate capital gains tax is paid.

Charitable Gift Annuity

This allows a donor to make a significant gift to United Way of Greater Cleveland and derive an annual annuity payment during their lifetime. A charitable gift annuity is a simple contract between the donor and United Way. The donor transfers an asset to United Way in exchange for a fixed, guaranteed annual annuity for life or for the joint lives of the donor and donor's spouse. Annuity payout rates are based on age of the annuitant(s) when payments begin — the older the annuitant(s), the higher the payout rate. At the death of the annuitant(s), payments cease and the balance goes to United Way of Greater Cleveland to perpetuate the gift. Charitable gift annuities are irrevocable. It's recommended to consider a minimum gift annuity of 30 times your gift or a contingent bequest provision in your estate plan to make up any shortfall that exists if you outlive your life expectancy.

HYPOTHETICAL EXAMPLE CHARITABLE REMAINDER TRUST

Jane, age 65, contributes stock worth $500,000 to a charitable remainder trust. She purchased the stock many years ago for $125,000. While the stock has appreciated significantly, it is only producing an income of $5,000 to $7,500 a year. By contributing the stock to a charitable remainder trust, Jane receives a tax deduction of $195,000 and avoids immediate capital gains tax of $56,250. Although she can select various payouts, Jill creates a trust that will provide an annual income of $29,500 for the rest of her life. At her death, the assets within the trust will be distributed to United Way.

HYPOTHETICAL EXAMPLE CHARITABLE LEAD TRUST

Alice and Thomas were able to make a significant tax-free gift to their children, continue their annual gift, and create an endowment fund at United Way all through the creation of a charitable lead trust. The trust makes annual distributions to United Way for 20 years. A portion of the distribution is used for their annual gift and a portion is placed in an endowment fund that will perpetuate their annual gift when the trust terminates. At the end of 20 years, the children will receive the trust's assets tax-free.

EXAMPLE OF A CHARITABLE GIFT ANNUITY

Margaret contributed to United Way of Greater Cleveland for many years through a workplace campaign. She is now eager to perpetuate her annual gift. After discussing it with her advisers, she decided that a charitable gift annuity was best for her. Margaret, age 72, had appreciated stock worth $300,000 producing a three percent dividend of $9,000. She didn't want to sell the stock and pay the capital gains tax but she was looking for a higher return. She contributed the stock to United Way of Greater Cleveland in exchange for a gift annuity paying 5.9 percent[1] or $17,700 a year. A portion of her annuity payments would be tax free until she reached her life expectancy, and thereafter her payments would be taxable. She also received a $124,680 income tax deduction for making this gift. At her death, before attaining her life expectancy, the residuum will benefit the community through United Way of Greater Cleveland.

(1) Note that certain projections in this report vary as the IRS changes the interest rates and or actuarial assumptions on which these are based
Information and calculations are for illustrative purposes only and should not be considered professional advice.
Your actual benefits may vary depending on the nature and timing of the gift and your particular circumstances.

LIFE INSURANCE

Life Insurance offers the opportunity to increase your gift with lower out-of-pocket cost.

WHO CAN USE THIS APPROACH?

Making a gift of life insurance is a low-cost way to perpetuate a gift. In fact, it magnifies the amount of the gift you are able to make since your out-of-pocket cost is for the premium, which may be tax-deductible. In some cases, a portion of the cost of the premium may be paid by your employer through a matching grant program. The creation of new life insurance policies is most popular for donors between the ages of 40 and 60. Gifts of existing life insurance policies are used by donors of all ages.

Policies with premiums left to be paid

You may name United Way of Greater Cleveland the owner and beneficiary of existing policies with premiums remaining to be paid. You may receive an income tax deduction on the approximate cash value of the policy and on future payments you make to keep the policy in force.

Other insurance

You can name United Way the full beneficiary, or a percentage beneficiary, of any life insurance policy you own. While there is no income tax deduction for this kind of gift, you have the flexibility to make modifications in the beneficiary designation if circumstances change.

Paid-up policies (no additional premiums are due)

You may contribute an existing policy and name United Way the owner and beneficiary. You may receive a tax deduction for the approximate cash value of the policy.

Employer insurance

If your employer provides group term life insurance and pays the premiums, you can name United Way of Greater Cleveland a beneficiary of that policy and potentially avoid paying taxes on a portion of the group benefit included in your taxable income.

New insurance

You may also purchase a new life insurance policy with United Way of Greater Cleveland being the owner and the beneficiary. Such policies may be paid up over five years.

HYPOTHETICAL EXAMPLE

Mary and Patrick are in their mid-forties. They have been donors for five years and would like to perpetuate their annual gift but, at this point in their lives, do not have the resources to make an outright gift. Life insurance is the ideal financial vehicle for them. Due to their ages, the premiums are very reasonable and allow them to perpetuate their annual gift at a cost significantly lower than an outright gift. This option does not disrupt their current estate plan.

SAMPLE COSTS AND EXAMPLE FOR $200,000 LIFE INSURANCE POLICY FOR PATRICK

Annual life insurance premium(1):	$5,000
Company match:	-2,500
Patrick and Mary's cost:	$2,500
Patrick and Mary's tax deduction:	-875
Patrick and Mary's out-of-pocket costs:	$1,625

Age	Type	5-YR Annual Premium	Income Tax Savings: 33% Tax Bracket	After Tax Annual Donor Gift Cost
30	Single Life	$ 4,000	-$ 1,300	$ 2,680
	Two Life(2)	$ 1,800	-$ 594	$ 1,206
40	Single Life	$ 6,100	-$ 2,013	$ 4,087
	Two Life(2)	$ 3,000	-$ 990	$ 2,020
50	Single Life	$ 8,300	-$ 2,739	$ 5,561
	Two Life(2)	$ 5,050	-$ 1,667	$ 3,384
60	Single Life	$12,000	-$ 4,158	$ 8,442
	Two Life(2)	$ 7,600	-$ 2,508	$ 5,092
70	Single Life	$18,800	-$ 6,024	$ 12,596
	Two Life(2)	$11,500	-$ 3,795	$ 7,705

(1) Premium for a policy to be paid up within 5 years** at 35% tax bracket
(2) Sample of policies for both spouses, Policies are also available for other amounts.
Information and calculations are for illustrative purposes only and should not be considered professional advice.
Your actual benefits may vary depending on the nature and timing of the gift and your particular circumstances.