

# One Place Where You Make A Difference: Leaving a Legacy

*As my ancestors planted for me before I was born, so too do I plant for those who will come after me. –Talmud Taanait 23a*

## A Continuum of Commitment

Your commitment to Jewish community and the Jewish people is evident in everything you do, the responsibility you take, the care you give, and the values you teach. The Jewish Federation and the Jewish Community Foundation are here to be your partners in philanthropic decision making. Our goal is to help your commitment to building vibrant Jewish life now and in perpetuity.

## A Legacy Lives Forever

Your legacy gift is a commitment that lives beyond your lifetime. Returns on your investment will save Jewish lives and Jewish life into the next century and beyond. Your charitable gift through the Jewish Community Foundation is professionally and securely invested, along with hundreds of others, to build a safety net for the Jewish people. Your choice to create a continuum of commitment that says that for as long as there are Jews who need help, part of you will be there to give that help.

## A Legacy Builds Community

Consider the causes you now support and then picture our Jewish community decades from now. What would you hope to see? Through your legacy, you can ensure that the organizations you care about thrive in perpetuity and the issues you are most concerned with continue to be addressed. Your charitable legacy gift through the Jewish Community Foundation will secure the future of our community, the Jewish education of our children, the health and well-being of our aging population, and the traditional Jewish values that have helped build a strong and caring community for your family.

## Your Charitable Gift Options

Everyone has a unique family and financial situation. Your legacy gift can be designed to match your personal circumstances through a variety of options (some of which are presented in this packet). Every option provides unique tax and estate planning advantages and is an expression of your lifelong care and involvement, your enduring commitment to Klal Yisrael (every Jew is responsible for the other) and tikkun olam (repairing the world). In planning your charitable gift, your legacy can provide unrestricted funds, giving your community the resources and flexibility to address issues, unanticipated needs and opportunities now and in the future. You can create restricted or designated funds, aligning with your specific area of interest or organizations, programs or needs that you feel are most important.

## How to Begin

There are many different ways to live on in our Jewish community by leaving a bequest or planned gift. This packet highlights some specific examples, and we encourage you to consult your personal financial advisor or call the Federation's & Foundation's combined Center for Jewish Philanthropy at 562-426-7601, ext. 1014.

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### JEWISH COMMUNITY FOUNDATION

JEWISH FEDERATION OF GREATER LONG BEACH AND WEST ORANGE COUNTY  
3801 East Willow Street Long Beach, CA 90815 562-426-7601  
[www.jewishlongbeach.org](http://www.jewishlongbeach.org)

*Live Generously. Live On.*

## Help Us Invest in a Vibrant Jewish Future

**Join the Jewish Federation and our Jewish Community Foundation in our mission to strengthen Jewish life and fulfill critical human needs.**

*The highest form of charity is to help sustain a person before they become impoverished by offering a substantial gift in a dignified manner so as to make it unnecessary for them to become dependent on others. — Maimonides*

### **Annual Campaign**

A gift to the Jewish Federation Annual Campaign provides unrestricted funds to meet urgent, ongoing humanitarian and social service, educational and community building needs. These gifts provide our beneficiary agencies with crucial support, and allow us to direct the funds, in partnership with those agencies, where the funds are most urgently needed. Annual pledges committed before June 30 each year are due by December 31 of that same year.

Recognition levels include: Major Gifts (gifts of \$10,000 or more per family, or \$5,000 per individual); Advanced Gifts (\$2,000 to \$9,999 per family, or \$1,000 to \$4,999 per individual); Lion of Judah (Women's individual gift of \$5,000 or more); Pomegranate (Women's individual gift of \$1,500 to \$4,999). Gifts of all levels make a difference.

### **Tribute and Memorial Contributions**

Tribute and memorial contributions are special gifts to honor, memorialize, or congratulate friends and family for all occasions. We will be delighted to send a card on your behalf.

### **Matching Gifts**

Many companies match employees' and retirees' personal donations. This option may enable you to increase—sometimes double or even triple—the value of your gift. The human resources office at your workplace can tell you about your employer's policies.

### **Endowments and Planned Gifts**

Our goal, to ensure vibrant Jewish life in perpetuity, will not be fully realized in our lifetimes. Therefore, we are obligated to secure the future of our work with the greatest prudence possible. The Jewish Community Foundation stands ready to assist in determining how best to structure donor's planned gifts, including bequests, IRA grants, charitable gift annuities, charitable trusts and gifts of life insurance. Endowed gifts can be restricted, with income designated to the support a specific program or partner agency each year, or unrestricted, allowing funds to be used where most needed in a given year.

Endowments and Planned Gifts of \$10,000 or more will be recognized on the Legacy Wall of Honor.

### **Capital Gifts**

Ongoing support is needed to support the infrastructure of the Federation, Foundation, Alpert Jewish Community Center, Jewish Family and Children's Service, and Hillel on the Federation Weinberg Campus. The Federation, as proud owner of the campus and shared facilities, is happy to provide public naming opportunities on the campus.

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## Charitable Gift Annuities

*Make an enduring contribution to the Jewish community while enjoying substantial financial benefits.*

A Charitable Gift Annuity (CGA) is a contract between you and the Jewish Community Foundation that provides you with fixed annuity income payments over your lifetime when you contribute an irrevocable gift of cash or securities. A CGA serves as an attractive alternative to many low yield investments, offers several financial and philanthropic benefits, and provides an enduring contribution to the Jewish community.

### At-A-Glance

- ◆ A simple, uncomplicated vehicle for planned giving
- ◆ Provides a guaranteed annual income to you and/or your spouse or another loved one, with a portion tax free
- ◆ Provides a current charitable income tax deduction and a reduction of your taxable estate
- ◆ Defers capital gains tax for gifts of appreciated securities
- ◆ Convert low and non-producing assets into higher income

By establishing a **Charitable Gift Annuity** through the Federation's Jewish Community Foundation, you will receive a fixed income for life beginning any time after age 50. The payments will never change and will continue for the lifetime(s) of the annuitant(s). Payments are determined by the number of annuitants, the age of the annuitants and prevailing rates at the time you fund the gift. Rates are generally higher than prevailing CD rates and offer more stability than stocks. Ultimately, the remainder becomes the property of the Foundation to meet critical community needs. A minimum gift of \$ 100,000 can establish the CGA.

### Examples of how you might benefit from a Charitable Gift Annuity

A donor, age 70, established a CGA with \$100,000 cash. It will pay them 6.1%\* for their life in monthly installments. They receive a one time income tax deduction of \$39,164, and annual income of \$6,100, with \$3,800 tax free and \$2,300 as ordinary income. The remainder gift will create an endowment in their name for the Jewish Community.

A donor, age 85 owns appreciated stock that provides no dividend income. The stock was purchased in 1984 for \$10,000 and is now worth \$100,000. The donor would like to convert the asset into an income stream to meet the donors needs, but would like to postpone the capital gains tax. The donor establishes a CGA with the stock. It will create an income stream of \$8,900 a year for life, of which \$6,257 is taxed at capital gains tax rates, \$1,646 is taxed as ordinary income, and \$726 is tax free, while generating a income tax deduction of \$46,328. The remainder gift will also create an endowment in the donor's name for the Jewish Community.

\*Rates are set by the IRS approved American Council on Gift Annuities tables. The rate in place when a CGA is established will be used for the duration of the CGA.

#### Current CGA Payment Rates (One Life)

Age 65:5.7%    Age 70:6.1%    Age 75:6.7%    Age 80:7.6%    Age 85:8.9%    90+:10.5%

*These examples are meant as suggestions. The staff of the Jewish Community Foundation would be happy to speak with you or your financial/legal advisor to develop language that reflects your specific objectives.*

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## **Retirement Assets**

*Make an enduring contribution of retirement plan assets to the Jewish community while avoiding high probate fees and estate taxes.*

If you are at the secure point when you no longer have to count on your retirement assets to continue to live the lifestyle you now enjoy, your heirs can avoid heavy estate taxes if you gift your retirement assets to the Jewish organization of your choice through the Jewish Community Foundation.

### **At-A-Glance**

- ◆ Gifts are 100% free from federal estate and income tax
- ◆ Gifts are distributed outside the costly and cumbersome probate process
- ◆ Retirement asset gifts enable you to leave less tax-burdened assets to heirs

Gifts of unneeded retirement plan assets through the Jewish Community Foundation is one of the best methods available to avoid high probate fees and estate taxes on these assets. If you leave retirement assets in your estate, they will be subject to heavy taxation and your heirs will receive diminished assets after income and estate taxes – sometimes more than 70%! Individual Retirement Accounts (IRAs) and pensions are often the most heavily taxed assets in an estate. Retirement plan distributions are generally taxed as ordinary income.

Whether you need the income or not, required minimum distributions must be taken by April 1 of the year after you turn age 70 ½. Required distributions increase each year, thus decreasing your pool of tax advantaged assets. Upon your death, the income taxes on these distributions continue for your beneficiaries. For younger beneficiaries, required distributions may take place during their peak earning years, potentially forcing them to pay top taxes on their distributions. Plus, retirement plan assets transferred to beneficiaries other than a spouse or charity are subject to estate transfer taxes.

### **Example of How You Might Gift Your Retirement Assets**

When you make the Jewish Community Foundation the beneficiary of your retirement account, your gift is not part of your taxable estate and the Jewish organization of your choice receives the full value of your gift to help continue their important work.

If you wish to provide income for your beneficiaries while making a charitable gift, you may choose to direct that retirement assets be placed in a charitable gift annuity or charitable remainder trust. You can tailor your gift so that your heirs will receive income payments for life or decide on a more flexible distribution arrangement. The remainder of the retirement assets will benefit the Jewish Community Foundation and your chosen agencies in the future.

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## Charitable Bequest

*Protect the people you love. Create a lasting partnership with the Jewish Community Foundation of Greater Long Beach. Help ensure our Jewish community's future. Your will makes it happen.*

A Charitable Bequest is the simplest and most commonly used form of planned giving. You specify in your will a specific asset, percentage of your estate, or fixed dollar amount you want to leave to organizations you care about.

### At-A-Glance

- ◆ Retain control of assets during your lifetime
- ◆ Provides permanent resources for organizations important to you
- ◆ Established through your will or trust
- ◆ May be made in any amount—not matter how small or large
- ◆ Reduces estate taxes

When you choose to leave a bequest of a specific amount of cash, a percentage of your estate, or the remainder of your estate through the Federation's Jewish Community Foundation for the benefit of a cause or organization of your choice, you create a permanent legacy that will benefit the community for generations to come. There's no limit to the amount you may set aside from your estate. If you have already drafted your will or trust, your attorney can arrange a bequest with a simple amendment, or codicil.

### Examples of How You Might Create a Charitable Bequest in Your Will or Trust:

Help the Jewish community address its most pressing current needs by making a general bequest: I bequeath \$\_\_\_\_\_ (or \_\_\_\_\_% of my residuary estate) to the Jewish Community Foundation of Greater Long Beach and West Orange County.

Support a specific agency or cause of interest to you every year, in perpetuity, with a designated bequest to establish an endowment fund: I bequeath \$\_\_\_\_\_ (or \_\_\_\_\_% of my residuary estate) to the Jewish Community Foundation of Greater Long Beach and West Orange County, to establish an endowment fund to support (named program(s) or organization(s) of your choice).

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*Live On-- Planned Giving Choices*

## **Charitable Remainder Trusts**

*Leave a lasting gift to the Jewish community. Receive income for life.*

A charitable remainder trust is a tax-exempt trust that pays income directly to you and/or others you designate, for life or for a specified period of years. After these obligations are met, upon the trust's termination, the trust's remainder will create an endowment for charitable purposes, in your name or in the name of a loved one, at the Jewish Community Foundation.

### **At-A-Glance**

- ◆ Provides attractive lifetime income for you and your beneficiaries
- ◆ Converts low income producing assets into higher income stream
- ◆ Provides opportunity for Donor to be involved in the investment process
- ◆ Eliminates initial tax on capital gain for contributed appreciated property
- ◆ Provides current income tax charitable deduction
- ◆ Avoids estate taxes on contributed assets
- ◆ Enables you to make a significant contribution to the Jewish community

A **Charitable Remainder Unitrust** (CRUT) left to the Jewish Community Foundation provides a way to obtain income for life, which grows as the funds invested in the trust grow. The unitrust provides a variable payment, based upon a fixed rate multiplied by the current value of the assets in the trust at the beginning of the year. If trust assets grow, the increasing value of the trust portfolio will result in larger annual payouts. With a CRUT, additional contributions and multiple beneficiaries are possible.

With a **Charitable Remainder Annuity Trust**, you also can make a substantial contribution and you or someone you designate can receive a fixed income for life or a term of years. The Trust provides a way to avoid fluctuations in interest rates and market values. When the term of the trust ends, the remaining assets will create an endowment in your name or in the name of a loved one.

Ultimately, the remainder in either type of trust becomes the property of the Jewish Community Foundation of Greater Long Beach and West Orange County and is used to meet the community's most critical needs, or to support an organization or cause which you specify.

### **Examples of How You Might Create a Charitable Remainder Trust:**

Donor, age 77, would like to give a percentage of his portfolio to the Jewish Community at his death. He establishes a Charitable Remainder Unitrust with \$250,000 of securities and manages the securities. Each year as Trustee he is entitled to withdraw 6% of the portfolio value, while receiving an immediate charitable gift deduction of \$13,993. At the donor's passing, the balance of the CRUT becomes a contribution to the Jewish Community in the donor's name.

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## Charitable Lead Trusts

*Transfer assets to the next generation in the future with significant tax advantages. Make a substantial contribution to the Jewish Community today.*

A Charitable Lead Trust through the Jewish Community Foundation is an excellent way to transfer property to family members with significantly reduced gift or estate taxes. At the same time you'll be making a valuable contribution to the Jewish community to help with critical needs now—or to support initiatives and participating Long Beach area Legacy Campaign organizations in the future.

### At-A-Glance

- ◆ Offsets gift and estate taxes on inter-generational transfers of assets
- ◆ Eliminates gift or estate tax on future appreciation of the transferred assets
- ◆ Donor provides for a charitable cause during his/her lifetime

With a **Charitable Lead Unitrust**, the donor transfers assets to a trust and the trustee pay a percentage of the annual assets value to the Jewish Community Foundation for the life time of the donor or a certain number of years. The remainder reverts to the beneficiaries selected by the donor. The donor receives an annual income tax deduction based on the value of the gift each year to the Jewish Community Foundation.

A **Charitable Lead Annuity Trust**, the donor also transfers assets to a trust and the trustee pays a fixed dollar amount to the Jewish Community Foundation for the lifetime of the donor or a certain period of years. The remainder reverts to the beneficiaries selected by the donor. The donor receives an annual income tax deduction based on the amount of gift each year to the Jewish Community Foundation.

### Examples of How You Might Create a Charitable Lead Trust

A donor would like to fund his annual giving thru a Charitable Lead Annuity Trust. The trust is established and the donor funds the trust with \$200,000. Each year the trustee pays the Jewish Community Foundation \$10,000 for the donor's annual gift. The donor names his adult children as the beneficiaries of the trust to receive the funds at his passing. The donor is able to fund his annual giving, receive an income tax deduction of \$117,000, and reduce the potential estate tax on this portion of his estate.

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## *Live On-- Planned Giving Choices*

### **Life Insurance**

*Make a significant difference to the future of the Jewish Community at a relatively small cost.*

Life insurance is potentially an easy and low-cost method of creating a major philanthropic gift. You make the Jewish Community Foundation the owner and irrevocable beneficiary of a life insurance policy. Premiums can be relatively modest and are tax deductible.

#### **At-A-Glance**

- ◆ Provides a charitable gift tax deduction
- ◆ Total avoidance of estate taxes
- ◆ Turn a small contribution into a major gift

Gifts can be made simply by transferring an existing policy to the Jewish Community Foundation, or by establishing a new policy. You can purchase a life insurance policy and name the Foundation as a beneficiary. At the same time, you can instruct the Foundation on how you would like to distribute the proceeds of the gift after your death, for example to participating Legacy Campaign agencies, or for specific community needs or programs.

If you choose to transfer ownership of a life insurance policy during your lifetime you will receive a charitable income tax deduction, subject to AGI limits, equal to the policy's fair market value or the net premiums paid, whichever is less. You may also choose to gift cash for the Foundation to use to pay premiums on a life insurance policy, on your life. The Jewish Community would own the policy and be entitled to receive the death benefit. You would receive a charitable income tax deduction for the gift of cash, subject to AGI limits.

#### **Example of How You Might Establish a Major Gift through Insurance**

A couple obtained a "second-to-die" life insurance policy with a face value of \$250,000 and an annual premium of slightly less than \$2,000. They named the Jewish Community Foundation as the beneficiary and owner of the policy. Each year they've made a tax-deductible gift of \$2,000 to the Jewish Community Foundation. In their 40% combined tax bracket, this saved the \$800 in income taxes each year, making the effective cost of their annual gift only \$100 per month.

Each year the Foundation elected to pay the premium on the policy, keeping it in force. By the end of the 10<sup>th</sup> year, they have spent only \$12,000 (net after taxes) to make an ultimate gift of \$250,000, the face value of the policy. A Guaranteed Death Benefit Option Rider accompanying the policy ensures that the gift of \$250,000 will be paid to the Jewish Community Foundation as long as the premiums continue to be paid. At the donors' direction, the net proceeds of the policy will help fund needed community programs.

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## *Live On-- Planned Giving Choices*

### **Donor Advised Philanthropic Funds**

*Enjoy a convenient vehicle to recommend charitable distributions to any approved non-profit organization of your choice.*

By making a contribution of cash or securities in the amount of \$1,000 or more, you can establish a Donor Advised Philanthropic Fund in your name at the Jewish Community Foundation of Greater Long Beach & West Orange County.

#### **At-A-Glance**

- ◆ May be established with cash or securities
- ◆ Allows you to recommend grants to non-profit organizations
- ◆ Less burdensome and less expensive than operating a private foundation
- ◆ Additional contributions may be made at any time
- ◆ Avoid capital gains tax on appreciated assets
- ◆ Can help reduce estate tax liability

A philanthropic fund offers a flexible way to give donations to nonprofit organizations. You make an irrevocable, nonrefundable contribution of cash or securities to the fund. You can recommend to the Foundation as to which qualified organizations grants should be made (other than dues, fees or other commitments), the amount of the grants and when grants should be paid.

The Jewish Community Foundation issues distributions of \$50 or more, on a monthly basis for distribution requests processed on the 20<sup>th</sup> day of each month and released on the last day of the month. Funds can be established with a contribution of at least \$1,000 and must maintain a minimum balance of \$500.

Donor Advised Philanthropic Funds also benefit the Jewish Community Foundation by directing income earned by the funds to the General Unrestricted Endowment Fund, thereby helping the support the Foundation's operations and general grants.

#### **Examples of How You Might Establish a Donor Advised Philanthropic Fund**

Many people establish philanthropic funds at the end of the calendar years as a tax planning vehicle. The fund provides you with an immediate income tax deduction while enabling you to make specific distributions to charities in future years. You control the timing of your deduction and the distribution of your gifts. Any contributions you make of cash or securities you've held for at least one year are fully deductible and afforded the most favorable tax treatment. A Donor Advised Philanthropic Fund can provide the advantages of a private foundation while eliminating ongoing legal and accounting costs, as well as excise taxes on investment income.