

# Gifts of Real Estate

A charitable gift of real estate can be especially tax-advantageous. A personal residence, vacation home, farm, commercial and rental property can all be used to make gifts. Like gifts of long-term appreciated securities, gifts of real estate can be very attractive because of the double tax benefit—an immediate charitable deduction and the avoidance of capital-gain tax. *Note: If you sell your primary residence, in most cases there is no capital-gain tax on the first \$500,000 of gain for married couples (\$250,000 for singles).*

However, family considerations do not always permit the making of an outright gift. Instead, you might want to consider a gift of a remainder interest in your home, vacation home, or farm. Even though you retain the right to continue to possess and enjoy the property for as long as you (and your spouse) live, you will qualify for a current income-tax deduction for the present value of our remainder interest.

PLEASE DETACH AND RETURN

## We'd Like to Hear from You

We invite you to call the Office of Advancement at 856.769.9000 or return this reply card for information on gift planning.

We would be happy to meet with you and/or your financial advisor about a gift to Friends Village. All discussions are confidential.



Please send me a complimentary copy of your new booklet(s):

- Givers Guide to Federal Taxes
- Ways To Give
- Charitable Solutions to Investment Dilemmas
- Planning For a Secure Retirement
- Planning for Post-Retirement Years
- How To Realize Maximum Benefits from Your Real Estate
- The Charitable Gift Annuity: Guaranteed Payments for Life
- Planning Your Will: Insights and Options

I/we have included Friends Village in our will or trust. You may list me/us in the Friends Legacy Society as:

- Anonymous     by name as \_\_\_\_\_

Name: \_\_\_\_\_

PLEASE PRINT

Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Home Phone: \_\_\_\_\_

Business Phone: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

(Please fold and tape closed before mailing.)



NON PROFIT ORG.  
U.S. POSTAGE  
PAID  
PERMIT NO. 120  
WOODSTOWN, NJ

Return Service Requested

Office of Advancement  
One Friends Drive  
Woodstown, NJ 08098

Phone: 856.769.9000 or email: [tsmith@fhaw.org](mailto:tsmith@fhaw.org)

### When you file your return...

A gift of:	Will actually cost you:	Will save you:
\$1000	\$ 720	\$280
\$1,500	\$1,080	\$420
\$2,000	\$1,440	\$560
\$2,500	\$1,800	\$700
\$5,000	\$3,600	\$1,400
\$10,000	\$7,200	\$2,800

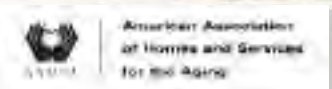
Note: Figures assume a 28% marginal tax bracket



*Legacy is written and edited by Tom Smith, Director of Advancement for Friends Village at Woodstown. If you would like further information on any topics discussed in this newsletter or on making a gift to Friends Village, please contact Tom at 856.769.9000 or send an e-mail to [tsmith@fhaw.org](mailto:tsmith@fhaw.org).*

### FIVE WEBSITES THAT CAN ANSWER YOUR QUESTIONS ABOUT PLANNED GIVING

- [www.pgresources.com](http://www.pgresources.com)
- [www.acga-web.org](http://www.acga-web.org)
- [www.nonprofits.org](http://www.nonprofits.org)
- [www.deathandtaxes.com](http://www.deathandtaxes.com)
- [www.premieradministration.com/glossary.htm](http://www.premieradministration.com/glossary.htm)



# Friends Village LEGACY

A Newsletter on Financial, Estate and Gift Planning

Issue 3, Winter 2005

## Five Questions About Your Will

Periodically, it's a good idea to run through a little checklist to make sure your last will and testament is ready to go.

Here are some questions to ask:

### 1. Is my will up-to-date?

This is an important question because many people have a will tucked away someplace, a will that is so outdated as to be practically useless. In fact, an out-of-date will can actually cause more problems for your loved ones than not having a will at all. Tax laws change and the size and extent of your assets may have changed as well. Updating your will allows you to take advantage of recent tax developments and new techniques in estate planning.

### 2. Does my will represent my wishes?

Your family situation may have changed over the years so that you no longer have dependents at home. Perhaps your estate has grown beyond your earlier estimates. Maybe you've changed your mind about some of your bequests. The more time that passes and the more changes that occur in your life, the more you should consider bringing your will "up to speed."

### 3. Is my will valid?

Have you moved to a different state since creating your last will? The laws may differ and your old will may be invalid. Or maybe

you prepared your own will and missed something of vital importance, like proper signatures. Considering the importance of your last will and testament, it makes good sense to have a reputable estate-planning attorney review your current will or even draft you a new one.

### 4. Is my will safely stored?

Where do you keep the original copy of your will? Is it safely tucked away in a fireproof home safe? Or is it in a file folder someplace, or even in an old shoebox under the bed? This is a precious document and should be either in a bank safety deposit box or some other place where it is protected from fire and thievery.

### 5. Does my representative know?

After selecting a safe place to store your will, be sure to tell your personal representative where to find it. Imagine the frustration and added grief by being unable to fulfill your wishes in settling your estate. Besides informing your representative about your will (and maybe even giving him or her an access key or combination), you might also provide a list of accounts, assets and funeral instructions.



## Welcome

Dear Friends,

We appreciate the positive response we have received regarding the articles in previous issues of Legacy. Many have responded with interest in learning more about how to become a member of our Friends Legacy Society. It is our hope that the following and future articles in Legacy will help you along your financial journey. And as always, may you find the information provided in this publication helpful as you decide what your legacy will be.

“There is a wonderful mythical law of nature that the three things we crave most in life - happiness, freedom, and peace of mind - are always attained by giving them to someone else.”  
-Peyton Conway March



“I have found that among its other benefits,  
giving liberates the soul of the giver.

-Maya Angelou”

## Your Contingency Notebook

Do you have a “contingency notebook”? Perhaps you do, but you call it by another name. Maybe it’s your “emergency file” or your “crisis notebook”. Or, it may be you’ve yet to get going on something like this.

A contingency notebook is a three-hole binder containing all the information a loved one or personal representative needs to know should you become seriously incapacitated or even die. When tragedy strikes, it’s no time to go through drawers, filing cabinets and shoe boxes looking for pertinent information. Those who bear responsibility for your affairs need the relevant material immediately. Your up-to-date contingency notebook can make all the difference.

After you’ve obtained a good-sized notebook and 12 dividers, label the front cover in big letters, “Contingency Notebook.” Then divide it into several sections, including:

### 1. Action List.

Specify the immediate and secondary steps one should follow if something happens to you.

### 2. Key Contacts.

Identify family members, friends, professional advisors and others who should be informed of your condition.

### 3. Medical Notes.

List any medical problems and treatments. Identify types and locations of medicines. Name your doctors and provide contact information.

### 4. Financial Accounts (savings, checking, brokerage, credit, debit, etc.).

Include account numbers, customer service phone numbers and copy of a past statement for each account.

### 5. Insurance.

Include life, accident, disability, auto and health policy information. Summarize your coverage and/or include a copy of the coverage page from each policy. Identify insurance agent(s) and phone numbers.

### 6. Business Interests.

Include copies of contracts and outline action to take.

### 7. Asset Inventory.

List your major possessions (autos, real estate, etc.).

### 8. Funeral Instructions.

Identify your wishes concerning the funeral service and burial. You might also suggest ABC Charity for those who wish to make a memorial gift in your honor.

### 9. Estate Planning Documents.

Include copies of your will, power of attorney, living will or directive to physicians, trusts and other items. Also, specify where the original of each document can be found.

### 10. Charitable Commitments.

Summarize your charitable involvements, including your ties with ABC Charity. This will help your family know what organizations you supported during life, and why.

### 11. Personal Items.

Include biographical information that can be used in preparing your obituary. Summarize your values and purpose in life. You might also provide personal notes to each family member expressing your love and your hopes for them.

### 12. Miscellaneous.

This section is reserved for anything that doesn’t fall into one of the other categories.

*For the sake of your loved ones, we urge you to get started with your contingency book right away. Keep working on it until you are satisfied it is complete. Then show it to your family and tell them where they can find it. All of this will produce peace of mind for you . . . and for them.*



“It is every man’s obligation to put back into the world at least the equivalent of what he takes out of it.”

—Albert Einstein

## The Stock Answer

Dan receives a letter from Friends Village urging him to provide financial support for the ongoing work of the organization. Generous man that he is, Dan immediately pulls out his checkbook and writes a check for \$10,000. He thinks to himself: “I’ll not only help Friends Village, I’ll receive a nice income tax charitable deduction as well.”

Assuming Dan submits an itemized tax return, falls in the 31 percent tax bracket, and is able to use all of his charitable deduction, he can look forward to saving \$3,100 in taxes. To put it another way, his gift to Friends Village will cost him only \$6,900.

Dan’s friend, Abbie, also receives the letter from Friends Village. But instead of writing a check, she calls her stockbroker for an update on her portfolio. She learns that one publicly traded stock, XYZ Company, has appreciated significantly from when she bought it about 15 months ago for \$10 per share. It is now trading at \$20. And since she owns 500 shares, she has an appreciated asset worth \$10,000 – twice what she paid for it.

Abbie has a decision to make. Should she tell the broker to sell the stock and send

her a check in the mail (which she would then use to make a gift to Friends Village), or should she have the broker transfer the stock to Friends Village’s account? In other words, should she give cash or stock? Abbie chose the stock answer.

“I want to make a gift of this stock to Friends Village,” she says. “I will send you written authorization. I’ll also send a note to Friends Village’s Advancement director about the gift.”

Consider the wisdom of Abbie. Instead of selling the stock, paying the required capital gains tax on the appreciation and giving what’s left to Friends Village, she makes a direct gift of the stock. In so doing, she bypasses the capital gains tax entirely. She knows that Friends Village is a qualified charitable organization and that it can sell the stock without tax consequences.

Let’s take an even closer look. Abbie paid \$5,000 for the stock. However, she receives an income tax charitable deduction for a gift of \$10,000. And since, like Dan, she is in the 31 percent income tax bracket, she will save \$3,100 in taxes assuming, of course, she is able to use all of the deduction.

In short, it costs Dan \$6,900 (\$10,000 less \$3,100 income tax savings) to make a gift of \$10,000, while it costs Abbie only \$5,500 (\$10,000 less \$1,400 capital gains savings at 28 percent less \$3,100 income tax savings) to make a \$10,000 gift.

No matter what tax bracket you’re in, making gifts with appreciated stock usually makes sense. To find out more about this subject – and other tax-wise ways to give – contact our Director of Advancement, Tom Smith, at (856) 769-9000. You can also e-mail Tom at [tsmith@fhaw.org](mailto:tsmith@fhaw.org).

## Giving Back to Our Donors

*When you give money or stock for a charitable gift annuity to Friends Village, we give you back annual payments for the rest of your life. Too good to be true? Seems like it, but true nonetheless. And many of our friends are taking advantage of this opportunity.*

Here’s how it works:

Mr. and Mrs. Jones give \$5,000 to Friends Village for a charitable gift annuity. The annuity contract obligates Friends Village to pay them a set amount every year, either monthly, quarterly, semi-annually or annually. The amount they receive is determined by their ages. And, ordinarily, part of the payment is tax-free.

Why does Friends Village provide gift annuities? To help our donors who want to make larger gifts, but can’t afford to reduce their cash flow. Also, it helps our donors who are planning to provide a bequest make the gift now so they can take advantage of the income tax charitable deduction. And for older donors, a Friends Village annuity may actually provide a larger payout from the asset than they might otherwise receive.

A deferred payment charitable gift annuity works well for younger donors who want to give to Friends Village and, at the same time, supplement their retirement programs. For example, the donor would designate a gift, say \$5,000, for a gift annuity which would be “programmed” to begin payments at retirement age. The longer the deferral period, the higher the annual payment. And even though the donor will not receive payments from the annuity for several years, an income tax charitable deduction is available for the year in which the gift is made.

By careful management, Friends Village is able not only to make our scheduled annuity payments, but to have enough left over to help us carry forward our mission. In other words, these annuities benefit the donors and Friends Village. (Incidentally, Friends Village is legally obligated to make annuity payments no matter what our financial situation may be.)

Our gift annuity program is loaded with benefits and we want you to know about these. For more information, use the reply form located on the back flap of this issue, or call Friends Village’s Director of Advancement, Tom Smith. He will be happy to send you a confidential illustration showing you how a gift annuity can benefit you.



## All Levels of Care to Meet Your Needs- Now and in the Future

Friends Village at Woodstown offers a wide variety of retirement living options in a beautiful and conveniently situated country setting, including independent living, assisted living, residential healthcare, and skilled nursing care.

Friends Village at Woodstown has a unique spirit, which is its legacy of over 100 years of service to the community, founded as an organization dedicated to a better way of life for seniors.

Friends Village at Woodstown, a not-for-profit organization, is governed in accordance with principles of the Religious Society of Friends, known as Quakers. This heritage embraces standards and practices emphasizing respect for the individual, excellence in service, social responsibility, and fiscal integrity.

We welcome your interest in our community and look forward to the opportunity to be of service to you.



PLACE  
FIRST-CLASS  
POSTAGE  
HERE

*Something Good Just Got Better*

Friends Village at Woodstown  
Office of Advancement  
One Friends Drive  
Woodstown, NJ 08098

### SUGGESTED BEQUEST LANGUAGE

*"I give, devise, and bequeath to Friends Home at Woodstown, Inc., a tax-exempt organization located at One Friends Drive, Woodstown, New Jersey 08098, (state percentage of estate or sum of money, or otherwise describe property) to be used for its general (or state specific) purposes."*