



## WESTERN INDIANA COMMUNITY FOUNDATION

### Continuing the Tradition of Giving

Americans have always been a generous people, and the recent economic climate has not stopped the strong tradition of giving. According to the annual *Giving USA* survey, the level of charitable donations in 2008 dropped only two percent from the previous year. It is a testament to the generous spirit of our country.

But times remain tough. Over the past year, charities like the Attica, Covington and Southeast Fountain Community Foundations have been asked to do more to serve our communities through important programs. In order to continue our mission and maintain services at their current level, we rely on the generous donations of our supporters.

The end of the year is an especially appropriate time to give to the Attica, Covington and Southeast Fountain Community Foundations. For many donors, an income tax charitable deduction for a contribution can improve their overall tax picture. In this issue of *Visions*, we suggest various ways to complete year-end gifts because we want to inform our supporters about the advantages created by giving to the Attica, Covington and Southeast Fountain Community Foundations.

We hope you enjoy reading this newsletter. If you have any questions, please call or write us. We are happy to discuss how any of the ideas featured in *Visions* could work for you.

Sincerely,

Dale A. White  
Executive Director



## visions<sup>IN</sup> PERSONAL PLANNING

### Sensible Tax Tips for Year-End Gifts

There are several reasons why year-end planning is a traditional exercise for many of our friends who want to coordinate their tax and gift planning.

*One*, the end of the year is a time to settle outstanding matters. It is only natural that philanthropy be considered at the same time.

*Two*, the end of the year provides some perspective on the tax benefit of a charitable deduction. If one has more taxable income than expected, a charitable gift can offset that income and improve the income tax outlook.

*Three*, a review may prompt an investor to rebalance a portfolio. One way to lighten one's position in a particular security is to make a charitable gift of that security.

On the following pages are some reminders and approaches that can help you make the most of your philanthropic efforts at year end.

# Sensible Tips for Year End

## gifts by check or credit card

When you write a check to charity, the gift is complete when the check is mailed. Mail it by December 31, and you can deduct it for the year 2009 even if the charity does not cash it until 2010. When you charge your gift to a bank credit card, it is deductible by the donor in the year the charge is made.

## gifts of stock

A gift of stock may be accomplished by electronic transfer or by the donor's delivery of the stock certificate to charity, in person or by mail. Ownership of the stock certificate is changed to the charity on the books of the corporation issuing the stock. Be aware there are different rules for the effective date of a gift depending on how the donor delivers the stock certificate.

## gifts of appreciated property

Gifts of appreciated property that would result in long-term capital gain if sold generally produce even greater benefits for you than gifts made in cash, by check, or by credit card. Why is this? Because you can usually deduct the full value of the contributed property (subject to the 30% of adjusted gross income limitation), even the gain portion that has never been taxed. Possible gift assets to consider include not only stocks, but bonds, mutual funds, real estate and other appreciated property.

## gifts of loss property

"Loss property" is property that would generate a tax-deductible loss if you sold it. If you gave this property to charity you would lose your deduction for the loss in value of the property in the time since you first acquired it. So, instead, sell the property, take the loss itself as a deduction, and use the proceeds of the sale to make a deductible charitable gift.

## pledges and IOUs

If you have made a pledge to charity or given a personal IOU, you cannot deduct this as a charitable contribution in 2009 unless you actually satisfy the pledge or pay off the note by December 31, 2009.

## gift matching program

If your employer offers a gift matching program, you can multiply the impact of your gift simply by requesting the match from your employer.



## The IRA Charitable Rollover — Here for a Limited Time

Donors were introduced to the IRA Charitable Rollover in 2006. Simply put, an individual could request that an amount be directly distributed from an IRA account to a qualified charity. And, that amount was excluded from income — a fact that made the IRA Charitable Rollover an attractive way to give for donors concerned about required minimum distributions and taxable income from an IRA.

In the second half of 2008, Congress revived the IRA Charitable Rollover for 2008 and 2009, so the opportunity to make a qualified charitable distribution from an IRA is back. Note that there are some limits — the donor must be at least age 70½ for starters. Contact our office to find out more about this interesting and convenient way to give.

GET YOUR ESTATE PLAN READY

## An Estate Tax Planning Reminder

In 2001, Congress enacted a law that reformed the federal estate tax. Since that time, the estate tax exemption grew from \$675,000 to \$3.5 million and the estate tax rate fell from 55% to 45%. In 2010, the estate tax is scheduled to disappear altogether. However, the law has a “sunset” date which means the estate tax will revert to the 2001 law in 2011 unless Congress passes a new estate tax law...

Of course, it is important to stay current with the law. But, estate planning is not just about adjusting for taxes — there are other reasons to update your plan. Instead of looking to Washington, you may not need to look any further than your own backyard for a reason to review.

No matter what happens in Congress, there is always the opportunity to make specific arrangements for your loved ones and charities that do work you value. When you create or revise your estate plan, consider naming us as a beneficiary so we can continue our important work. If there is a specific program you want to benefit, contact us to discuss how to memorialize your gift.

## What Is Planned Giving?

Planned giving refers to charitable gifts that take a little more thought to complete. It involves a discussion about the best way to make a gift from the donor’s perspective. For instance, one of our supporters might have a particular program he or she wants to support. The supporter talks to us about the program and how they might help. The next step is to see how a planned gift can fit into their overall planning. Perhaps it is a bequest — a specific sum of money left in a will — or maybe it is a life income gift such as a charitable gift annuity that provides both a gift to the charity and an annual stream of income to the donor. Or, maybe it is as simple as listing the charity as the beneficiary on a life insurance policy.

We want to engage with our donors to find the most meaningful and sensible ways to give. Please contact our office to learn more.



### Keeping Track of Your Charitable Deduction

In recent years, the IRS has asked for more documentation on charitable contributions that individuals plan to deduct. It is important to keep records to prove the amount of the contributions made during the year. The kind of records to keep depends on the amount of your contributions and whether they are:

- Cash contributions
- Non-cash contributions
- Out-of-pocket expenses

When appropriate, we provide our donors a receipt showing our name and the date and amount of the contribution. Be aware you need to keep certain records to substantiate your donation.

## Introducing the 2009 *Taxpayer's Home Companion*

Completing a federal tax return is not necessarily an easy thing to do. Every year, taxpayers make choices that depend in part on the personal exemption, the standard deductions and other important figures. And every year, an informative guide containing those relevant numbers is a handy thing to have.



The 2009 *Taxpayer's Home Companion* has the relevant numbers, plus more. It also includes useful tips about popular ways that people give and the positive tax implications, along with a handy checklist to help you prepare for completing your taxes. Becoming familiar with the tax benefits of charitable giving will improve your satisfaction with your philanthropy. Be sure to return the enclosed card to receive your copy of the 2009 *Taxpayer's Home Companion*.



## In Closing

The end of the year is a busy time in a good way. Family and friends often gather to give thanks, share memories and celebrate the season. So we especially want to thank you for your continued support to the Attica, Covington and Southeast Fountain Community Foundations and other charities. We appreciate the time and effort of our volunteers. We appreciate the gifts we receive. And we appreciate the extra sacrifices many of you have made during these challenging economic times. Together we can look forward to a new year and new opportunities to serve.



**WESTERN INDIANA  
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