



DOING THE MOST GOOD

SOUTHERN NEW ENGLAND
Vol. XVII, Iss. 3

FRIENDS OF THE ARMY

ESTATE AND FINANCIAL PLANNING IDEAS

YOUR PLANNING MAKES THE SALVATION ARMY'S JOB POSSIBLE

Imagine a world free of homelessness, hunger, drug and alcohol addiction, abuse, natural disasters and need. We live in a real world, however, where we know there always will be events that disrupt lives and cause human suffering. As long as that's true, The Salvation Army will be ready to help with programs and services to address needs. In fact, each year the Southern New England Division of The Salvation Army serves more than 284,000 meals; offers music lessons to more than 3,900 students; helps more than 1,600 families with assistance paying mortgages, rent and utility bills, enabling families to remain in their homes; and hosts more than 500 children at free or reduced-cost summer camps.



We are only able to meet needs through the help of our many friends who understand the importance of assisting others and know that The Salvation Army can be counted on to be there when and where we are needed. These friends realize the importance of planning. Planning is vital, not only when it involves your personal finances, but also your support of Salvation Army activities. Our friends know that they cannot personally provide the meals, shelter and financial help that is needed, but they can rely on The Salvation Army to do so. Our thousands of thoughtful supporters supply the resources that enable us to do the job we do every day. These friends trust The Salvation Army to be a good steward of the gifts they make, knowing that our successes are also their successes.

Many of our friends have made gifts that enable The Salvation Army to make plans for addressing future needs. Often this involves a gift to The Salvation Army in a will or living trust. It may be a gift to The Salvation Army today that provides the donor with payments for life, through charitable remainder trusts or charitable gift annuities. The Salvation Army can be named the beneficiary of a life insurance policy that is no longer needed for family security. Some friends name The Salvation Army to receive funds from IRAs or other financial accounts. While The Salvation Army helps with immediate needs for food, shelter, comfort and counseling, we are also ready and able to help with your philanthropic planning needs. We would be happy to work with you and your financial advisers to plan a gift that provides you the greatest satisfaction. Please feel free to contact us to learn more.



Send for our new
FREE
publication,
**YEAR-END ALERT:
INCOME TAXES
AHEAD!**





MISSION STATEMENT

The Salvation Army, an international movement, is an evangelical part of the universal Christian church. Its message is based on the Bible. Its ministry is motivated by the love of God. Its mission is to preach the gospel of Jesus Christ and to meet human needs in His name without discrimination.

GIFTS AND DEDUCTIONS TODAY, INCOME TOMORROW

Many friends of The Salvation Army have discovered the benefits of charitable gift annuities, which allow donors to retain an income for life from their gifts of cash or appreciated stock. But gift annuities can also be arranged today, with payments postponed until some later date. Deferred gift annuities offer enhanced payout rates and charitable deductions, but also provide opportunities to address a number of planning challenges.

■ Glenn knows his income taxes are going to be high this year. He could offset some tax by increasing his itemized deductions. Glenn uses some appreciated stock that he owns to fund a charitable gift annuity with The Salvation Army that will begin payments in ten years, when he reaches age 65. He gets a charitable deduction today and locks in future payments of 6.5% at retirement.

■ Sally has an IRA that she intends to leave to her two sons at her death for their own retirement security. She's concerned, however, that they will owe income tax on amounts withdrawn from the IRA and that the funds might be spent long before retirement. Sally's financial adviser has suggested that she leave the IRA to The Salvation Army, conditioned on The Salvation Army establishing deferred gift annuities for her sons. Payments can begin as each reaches age 65, or any other age Sally chooses.

■ Colleen puts the maximum amount allowed into her IRA each year, but still worries about her retirement security. She could begin establishing an annual series of gift annuities that begin payments to her when she retires, providing her deductions

Present Age of Donor	DEFERRED GIFT ANNUITY RATES – Number of Years from the Date of Issue of Agreement to Annuity Starting Date			
	5 yrs.	10 yrs.	15 yrs.	20 yrs.
55	5.2%	6.5%	8.3%	11.0%
60	5.5	7.0	9.4	12.9
65	6.0	8.0	11.0	14.8

today and boosting her income in her golden years. If she uses appreciated stock, her deduction is based on the full value of the shares, with no loss to capital gain tax. Colleen can arrange for all the gift annuities to begin paying in the same year, or stagger the start date to provide higher income in her early retirement.

We'd be pleased to show you how a charitable gift annuity, or a deferred gift annuity, could help both you and The Salvation Army. Please feel free to call us.



MAGNIFY YOUR YEAR-END GIVING



People give to The Salvation Army for many reasons, but primarily for personal satisfaction. The end of the year is a popular time to give, for reasons that have little to do with taxes. But heartfelt generosity can be magnified significantly when friends take advantage of tax-saving opportunities to make their gifts. Consider these options as part of your year-end giving:

Appreciated stocks and bonds – A gift of securities that have grown in value and that you have owned more than one year offers double tax savings. You'll be entitled to a deduction for the full fair market value and avoid the capital gains tax that you would have owed if you sold the shares.

Donor advised funds – Many friends have established donor advised funds from which they can make gifts.

Qualified charitable distributions from IRAs – If you're at least age 70½, you can direct the custodian of your IRA to make a transfer to The Salvation Army. Although there is no charitable deduction, you'll avoid the income tax that is owed whenever you take withdrawals. Your gift can also take the place of your required minimum distributions, saving you taxes. You can give up to \$100,000 per year from your IRA.

Some of these gifts may require time to complete, so it's a good idea to begin the process early. Please call us for transfer instructions when you're making gifts from brokerage accounts or IRAs. We would be happy to discuss these and other options for making satisfying year-end gifts.



THE RED KETTLE AND CHRISTMAS

The red kettle, which has become an instantly recognizable symbol of The Salvation Army, has its origins in 1891 San Francisco. Capt. Joseph McFee put the first kettle out at the Oakland ferry landing to collect funds to provide free Christmas dinners for poor Bay area residents. He probably never dreamed his idea would start such a lasting and beloved tradition. Today, kettles can be found around the world and have become synonymous with the spirit of the holiday season.

Each year, gold coins are dropped into various kettles. These coins are literally worth their weight in gold – far more than their face value. The donors know the value of the coins, but far more, know the value of The Salvation Army's work. The donors make these gifts anonymously, not looking for recognition or even a charitable deduction.

Maybe the thanks these donors receive is the knowledge that others, less fortunate, are cared for. Maybe the donor at one time received help from The Salvation Army, and now that he or she is in a better position financially, wants to "pass on" the favor. Whatever the motivation for giving, the donor knows the coins will be put to good use furthering the mission of The Salvation Army.

Our ability to provide help requires far more than The Salvation Army is able to raise through its kettle donations. We also receive outright gifts of cash or appreciated securities from thoughtful donors. Many friends leave gifts in their wills. We depend on the generosity of friends who arrange charitable gift annuities, name The Salvation Army as the beneficiary of their estates or retirement plans or establish charitable trusts. While we encourage you to give often when you see The Salvation Army red kettles, we also hope you'll consider these other ways of making a difference in the lives of those we help. Whatever the form of your gift, your heartfelt contributions allow us to continue our mission of caring.



*As you grow older, you
will discover you have
two hands – one for
helping yourself, the
other for helping others.*

~ Audrey Hepburn



From the Office of Planned Giving

In this newsletter, we provide help and information on your personal planning and key financial or estate issues. Please contact us if you want more information about such matters – or to find out more about the work of The Salvation Army. We also hope you will send for our new publication, **Year-End Alert: Income Taxes Ahead!**



Major Jorge L. Marzán
Divisional Commander
Captain Limarís Marzán
Director of Women's Ministries



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Please call our office for the appropriate wording whenever you are preparing a gift through your will, living trust, IRA or other beneficiary designation.

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The purpose of this brochure is to provide accurate information of a general character only. For specific recommendations, each person should consult his or her own qualified professional adviser.



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A YEAR-END GIFT THAT PAYS YOU INCOME

Most gifts involve giving away an asset, but there are two gifts that actually make payments to you for life. These gifts may enable you to do more than you otherwise thought possible. What are these gifts?

Charitable gift annuities – You can keep fixed payments for life for you (or you and another person) from your gift of cash or appreciated property. The exact amount of the payments depends on the age(s) of the annuitants, but generally ranges from 4.4% at age 60 to 9% at age 90 or older for one-life gift annuities. Two-life gift annuity rates are slightly lower. A part of the annual payments may be tax-free or favorably taxed capital gains for your life expectancy. All this is in addition to an income tax charitable deduction for a portion of the gift amount.

Charitable remainder trusts – Your gift can provide you with fixed payments (an annuity trust) or payments that fluctuate with the value of the assets (a unitrust) for life. If you fund your trust with appreciated securities, the trustee can sell with no loss to capital gains tax. Only when the



trust ends do the assets pass to The Salvation Army. You'll be entitled to a charitable deduction for a portion of the amount transferred to the trust.

Both charitable gift annuities and charitable remainder trusts offer many planning opportunities. We'd be happy to meet with you and your financial advisers to discuss how a gift that pays you income can provide benefits to both you and those served by The Salvation Army. Please feel free to call us.



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