The Salvation Army Responds, Both Near and Far

Before the recent hurricanes even reached the U.S., Salvation Army disaster relief service vehicles were prepared to bring food, water, comfort, prayer and hope to those in the path of the storms. And we will continue to be there for as long as we’re needed.

The Salvation Army is known and appreciated for its ability to serve those faced with catastrophic mass disasters, but is just as well known for its services in the face of personal hardships and setbacks. Whether it’s serving hundreds of meals per day to those left homeless and the first responders, or providing groceries to a family with empty cupboards, The Salvation Army is committed to “doing the most good.”

Major natural events receive the most attention from the public, and we are grateful for the generous contributions earmarked for disaster relief. But support is greatly needed for the many Salvation Army programs that seldom make the headlines.

Rent assistance – When families find themselves unable to pay the rent and are facing an eviction notice, The Salvation Army offers rent assistance to help them remain in their homes. This service minimizes future costs and helps stabilize families.

After-school care – Working parents can be confident that their children are cared for in a nurturing, safe environment when the school-day ends, allowing the parents to concentrate on their jobs.

Summer camps for all ages – Children, teens and adults who spend several days in a Christian camping experience are changed for life. Your support of these programs is deeply appreciated.

Shelter for the homeless – We provide a warm, safe place for individuals to sleep during the night. Whether in a Salvation Army facility or with a voucher for a local motel, people find home at The Salvation Army.

Food and groceries – A hungry adult or child will find the relief of a hot, nutritious meal at Salvation Army Centers. We also have food pantries and voucher programs to help with grocery assistance.

The Salvation Army is able to respond to needs, both great and small, because thoughtful friends have made gifts of appreciated stock, included gifts in their wills, established charitable gift annuities, named us as the beneficiary of life insurance policies or directed funds from IRAs and other qualified retirement accounts to The Salvation Army. We’d be pleased to help you make a heartwarming gift to help us do the most good.
How Does a Charitable Remainder Trust Work?

A charitable remainder trust is an arrangement in which you irrevocably place cash, securities or other property into a trust, but keep a specified income, usually for life. When the trust ends, property in the trust passes to The Salvation Army. By accelerating your estate gift through a remainder trust, you’re entitled to a substantial income tax charitable deduction today.

Your trust can be either an annuity trust, in which you receive a fixed amount annually (at least 5% of the initial value of the trust assets) or a unitrust, which pays a fixed percent (at least 5%) of the annual value of the trust assets. The deduction you receive depends on the type of trust you choose, the age or ages of those receiving trust payments and the value of assets placed in the trust. The chart below shows sample benefits, assuming a $100,000 trust and quarterly payments. We would be happy to provide an illustration for your personal situation – just call our office.

<table>
<thead>
<tr>
<th>Age of Beneficiary</th>
<th>Annuity Trust (Fixed Payment) $5,000 Annually</th>
<th>Unitrust (Variable Payment) 5% Payout Annually</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>$38,036</td>
<td>$45,176</td>
</tr>
<tr>
<td>70</td>
<td>47,388</td>
<td>52,592</td>
</tr>
<tr>
<td>75</td>
<td>56,815</td>
<td>60,385</td>
</tr>
<tr>
<td>80</td>
<td>65,683</td>
<td>67,984</td>
</tr>
<tr>
<td>85</td>
<td>73,582</td>
<td>74,972</td>
</tr>
</tbody>
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Depending on how you arrange your trust, several other advantages are possible:

- Capital gains tax avoidance when the trust is funded with appreciated assets
- Favorably taxed income
- Professional investment of your funds
- Reduced estate settlement costs

Most important, however, is the personal satisfaction of helping Salvation Army programs.

Your Free Booklet

Trusts can serve many purposes in your estate plans. We are pleased to offer you our new publication, Trusts for Tomorrow, which explains the many advantages of trusts, whether benefitting you, your family or The Salvation Army (or perhaps all three). Return the enclosed envelope to request your free, no-obligation copy.
Many friends of The Salvation Army have discovered the advantages of charitable gift annuities, which make generous payments for the lives of one or two people, at rates ranging from 4.7% at age 60 to 9.5% at age 90 or older.

Deferred payment charitable gift annuities – in which payments begin in some future year – are gaining in popularity, according to a survey by the American Council on Gift Annuities. In 1994, only 6% of gift annuity contracts were deferred; in 2017, that number had grown to 13%.

Why would a donor want to defer the start of gift annuity payments?

- Younger donors may be limited in the amount they can save for retirement, but deferred charitable gift annuities enable donors to boost payments in retirement. Donors can take a deduction today, while their income may be higher and the deduction saves more in taxes. Payments can begin when they retire. It’s not even necessary to know the exact starting date of a deferred gift annuity. Friends can establish gift annuities and take a charitable deduction today, while waiting to tell us when they want payments to begin. The flexible deferred gift annuity permits donors to select a date within a range of years.

- Annuity rates are higher for deferred gift annuities, as the chart shows. Income tax charitable deductions are larger, as well.

<table>
<thead>
<tr>
<th>Present age of donor</th>
<th>Number of years from the date of issue of agreement to annuity starting date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>5 yrs</td>
</tr>
<tr>
<td>55</td>
<td>5.6%</td>
</tr>
<tr>
<td>60</td>
<td>6.1</td>
</tr>
<tr>
<td>65</td>
<td>6.7</td>
</tr>
</tbody>
</table>

- Friends may want to arrange gift annuities for younger family members, but want payments to start when the recipients are older and more mature.

Contact us to calculate the payout rate and the charitable deduction for any gift annuity, immediate or deferred.

Do what you can, with what you have, where you are.
~ Theodore Roosevelt
Providing Assistance Outside Your Will

Adding a charitable gift to your will isn’t difficult, but there are other ways you can continue your support of Salvation Army programs without amending your estate plans. Here are some ideas:

Life insurance – You can name The Salvation Army the beneficiary of your life insurance policy, transfer ownership of the policy to us or buy a new policy for our benefit. Your gift of the policy may entitle you to an income tax deduction.

Beneficiary designation – Those with savings and brokerage accounts in their own names can designate that the account pass to The Salvation Army upon their deaths. This arrangement is completely revocable during lifetime. Check with the manager of your accounts for the exact procedure.

Retirement accounts – You can name The Salvation Army as the death beneficiary of your IRA or other qualified retirement plan. The income tax that would be owed if the funds were left to family members is avoided. You can even reserve lifetime payments for loved ones by having the accounts pass to a charitable remainder trust or to The Salvation Army to fund a charitable gift annuity. We’d be pleased to provide you with more information.

Living trusts – Many friends of The Salvation Army have established revocable living trusts. The Salvation Army can be named one of the beneficiaries. Our benefit can be postponed while lifetime payments are made to family members.

Donor advised funds – The sponsor of the donor advised fund might determine how funds remaining in your account are distributed if you haven’t stated your preferences. To ensure the funds pass as you wish, including to The Salvation Army, ask the sponsor for the appropriate forms.

From the Office of Gift Planning

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 encourage you to send for our new publication, Trusts for Tomorrow.

Major Gregory Hartshorn and Major Joyce Hartshorn
Divisional Leaders

Michael Afflito, CAP*
Director of Planned Giving
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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.
Inside this Issue of
FRIENDS OF THE ARMY

- The Salvation Army Responds, Both Near and Far
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- Your Free Booklet, Trusts for Tomorrow
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- Providing Assistance Outside Your Will
- Give Early and Save

Give Early and Save

Whether you’re turning age 70½ this year or long ago reached that milestone, you know you’ll have to take withdrawals from your IRA. Some IRA owners who don’t need the funds wait until late in the year, to allow the accounts to grow tax deferred as long as possible. Others determine what needs to be distributed and take payments monthly or semi-monthly, much like receiving a regular “paycheck.”

However you choose to take your distributions, you might want to consider having the custodian of your IRA send a portion directly to The Salvation Army before you’ve taken the full amount. Qualified charitable distributions from IRAs are tax free, up to $100,000 annually, but if your IRA gift satisfies all or a portion of your required distribution, you’ll avoid the income tax that you would otherwise owe. Please call us if you’re considering an IRA gift to The Salvation Army.