

The Impact of Gifts at Indian River Medical Center

Gifts large and small touch every corner of Indian River Medical Center, every staff member, every patient, and every family. In recent years donors have helped nurses pursue advanced training, have provided funds to purchase state-of-the-art medical equipment, and have made possible many essential Hospital services and advancements, some very quietly and some very visibly. In keeping with the American tradition in philanthropy, Indian River Medical Center Foundation is proud to acknowledge gifts according to donor' wishes in our publications, at appreciation dinners and other events, and by the naming of facilities and endowments made possible by their generosity.

How Would You Like Your Gift To Be Used

The Indian River Medical Center Foundation welcomes discussion with donors about their preferences for the use of their gifts. Whether you have interest in a specific disease or a general Hospital service, we want your gift to be productive in ways that will make you proud. Here are some possible designations:

Unrestricted (The Foundation Preference)

An unrestricted gift is clearly the most flexible and preferred form of philanthropy. Such an undesignated gift gives Foundation Directors and administrators the ability to be nimble, to direct resources where the need is most urgent, and to focus funds where the opportunities are greatest.

Equipment

Patients, families, and friends expect Indian River Medical Center to have the best equipment available for diagnosis, treatment, and therapy, and the Hospital invests hundreds of thousands of dollars a year to maintain its technological leadership. A significant portion of that investment comes from private philanthropic sources in the form of funds to be used for equipment purchases.

Departments

You may dedicate your gift to a specific part of the. Each medical department and section, various nursing groups, technologists, administrators, and others throughout the Hospital, are pleased to receive and recognize gifts in support of their work. Many departments already have established gift accounts and endowment funds.

When Do You Want Your Gift To Be Used

Donors may choose the timing of their gift for the impact they find most desirable.

Immediately

For pressing needs: You may wish to make your gift for current uses, so that all of it will go directly to work right away on a crucial topic.

For A Period of Time

You may wish to make a multi-year pledge to fund a project or program for a certain amount of time. Examples include:

- A five-year program for nursing education.
- A five-year pledge to support the Heart Center.
- A three-year pledge to support new Emergency Department

In Perpetuity As Endowment

You may wish to have your gift added to the Foundation's permanent endowment, to provide income for the project of your choice every year thereafter.

Kinds of Assets to Give

When most people think of making a gift they think of writing a check or giving cash, but other assets may provide greater advantages in terms of tax avoidance, net cost, and eventual charitable impact. You should consult with your financial advisors and the Foundation Office to determine the most advantageous ways to fund a gift.

Cash

A gift of cash may be made as either a one-time contribution to the Indian River Medical Center Foundation, or as a pledge to be paid on a schedule determined by the donor. If you prefer to make a commitment to a gift in the future and would like a gentle reminder at that time, please say so.

Securities

Many people find it preferable, from a tax standpoint, to make gifts of securities (stocks or bonds) that have risen in value since the time they were purchased. Such "appreciated securities" have two advantages:

1. You can deduct the full value on the day they're given

2. You'll avoid capital gains tax on their growth.

If you have some shares you're reluctant to part with (a favorite old holding, a family company) talk to us about how to give them, take your deduction, and buy them back later at a stepped-up basis to decrease your tax exposure. There are three ways to make gifts of securities:

1. The easiest would be to have your broker or mutual fund company transfer them directly to the Indian River Medical Center Foundation's account.
2. You can mail them (unendorsed) to the Foundation Office. In a separate envelope, please print and sign the attached "Stock Power Act." This will allow the foundation to sell the securities.
3. Have the stocks reissued in the name of the Indian River Medical Center Foundation and send the shares to the Foundation.

In any case, you should call the Foundation Office beforehand to make sure that the transfer is done safely and effectively.

Real Estate

Real estate can be one of our largest assets, the Foundation has a variety of ways it can accept property and accord donors a range of benefits depending on the type of gifts. The range of possible benefits include:

- Charitable deductions for the Fair Market Value.
- Retaining the right to use the property for a certain period, but receiving a tax deduction today.
- Receiving an income from the asset.
- Reducing or avoiding estate taxes.

There are many options with this type of gift depending on which possibilities you would like to accomplish.

Tangible Property

Personal property that has gained in value since you acquired it (cars, boats, airplanes, art or rare books, for instance) can be an especially effective way to make a gift. The tax rules supporting such gifts are a bit more complicated than those for cash or securities, so please call us in the Foundation Office and we will work closely with you and your advisors to help you make a choice that feels good and works well.

Retirement Funds

Retirement funds seem to be the best kept secret in gift planning. Gifts from these assets often make better financial sense to the donor than gifts of cash,

securities or property. As always, talk with your advisor and the Foundation Office before making a gift. In the years since IRAs and 401Ks and other personal retirement plans were established, many people have deposited significant funds that have grown rapidly. Your retirement funds may well be a very significant part of your estate now. In your estate, those funds will be taxed more heavily than others, and it may make good sense to commit those to your favorite charitable institutions instead of other funds. In some estates, retirement funds can face taxes as high as 80%, leaving little for heirs. Get some good advice not only about what to give away, but also about which assets are better to keep in the family.

Insurance

Have you reached a point in your life where you don't need your life insurance any more? The insurance coverage you have developed over the years may now be valuable enough to cause some large estate taxes that, if you still own the policy, will be expensive to your heirs. A gift of a life insurance policy provides a particularly appealing way of making a substantial gift to a favorite charitable organization. It allows us to acknowledge and recognize the donor now, it allows the donor to make a larger gift than would normally be possible from current income, and it puts to good use assets that are becoming less important to you.

To make this gift deductible, it must be irrevocable and the Hospital Foundation must be named the owner and beneficiary of the policy. If your gift is of a paid-up (there are no additional premiums to be paid) life insurance policy, you will receive an immediate income tax deduction generally equal to the sum of the premiums you have paid. If it's a policy on which you are still paying premiums, your deductions will be different but still potentially very advantageous. As always, we encourage donors to discuss with us the future uses of their gifts and their choices for naming opportunities.

Here is another important use for life insurance in your charitable decisions: wealth replacement. If you make a substantial gift to charity, you are often reducing the amount of your assets that will go to your heirs. Increasingly, donors are using some of their tax savings (from their charitable deduction) to purchase an insurance policy on their own life and make their heirs the owners and beneficiaries of that policy. When properly constructed, this health replacement strategy can permit both a larger gift and a larger legacy for your children.

How To Make A Gift Now and Then Receive Income For Life

Indian River Medical Center Foundation encourages donors to think about making a “life income” gift by transferring assets into a charitable agreement which provides substantial benefits for both parties: The donor (and perhaps a spouse or other beneficiary) receive income from those assets for life, and when those beneficiaries die the Hospital Foundation receives the assets. Donors may designate the future use of those assets by the Hospital Foundation. In addition, donors will receive an income tax deduction, an estate tax reduction, and perhaps avoidance of capital gains taxes. There are several popular ways to do this, and you should consult with your advisors and with the Foundation Office to see what might be best.

Charitable Gift Annuity

A donor may make a gift of cash or appreciated securities to Indian River Medical Center Foundation which guarantees, by written contract, to pay the donor (and second beneficiary, if appropriate) a specific amount monthly, quarterly, semi-annually, or annually for life. As of July 2004, American Council on Gift Annuity single life rates offered have ranged from 5.0% (for a 50 year old) to 11.3% (for a 90 year old) and vary depending on the age of the donor.

Gift annuities can be established for as little as \$5,000 or as much donor might wish to gift. A portion of the income may be tax-free. If appreciated securities are used to make the gift, there is a capital gain liability that can be spread over the actuarial life of the donor. The amount of the income and the charitable deduction is based upon the amount of the gift and the age of the donor.

Charitable Remainder Trusts

Donors may transfer assets in the form of cash, securities, or property to a trust, and name a trustee to manage the assets and make distributions in accordance with the will of the donor (as expressed by the terms of the trust). The trust will make income distributions to the donor and, if specified, to a second beneficiary each year. After the death of beneficiaries, the assets are transferred to the Hospital Foundation. In view of the fact that such trusts are irrevocable, they offer certain advantages to the donor: no capital gains tax is associated with the transfer of the gift; assets are managed by a professional, and in many cases, the trust will produce substantially more income than was produced by the assets that were used to create it (for example, low yielding securities can be transferred to the trust, which can in turn sell them to purchase high yielding securities while avoiding a capital gains tax).

Charitable Remainder Unitrust

A unitrust pays the beneficiary a fixed percentage of the trust assets valued annually. The dollar amount paid to the beneficiary depends on the performance of the trust's investments. For example, if the donor creates a 7% charitable remainder unitrust and transfers \$250,000 to the trust, the beneficiary would receive \$17,500 ($\$250,000 \times 7\%$) the first year. If the assets of the trust appreciated during the second year to \$300,000, the trust would pay the beneficiary \$21,000 ($\$300,000 \times 7\%$). Should the assets in the trust depreciate in future years, the amount paid to the beneficiary would be lower. The income tax charitable deduction is based upon:

1. The amount of the gift
2. The percentage payout selected by the donor
3. The age/s of the beneficiary/ies.

Charitable Remainder Annuity Trusts

The annuity trust pays a fixed amount to the beneficiary annually. For example, a patient or friend of the Indian River Medical Center transfers \$250,000 worth of low yielding securities to an annuity trust and stipulates that he or she receive 8% - \$20,000 annually. The trust is obligated to pay the \$20,000 each year; the "overage" is added to the trust principal. Conversely, if the trust earns less than the stipulated \$20,000, the shortfall would be made up by invasion of principal. The beneficiary is guaranteed a \$20,000 annual income as long as the trust has assets.

Charitable Lead Trust

A Lead Trust is in many ways the opposite of the Remainder Trusts discussed above. A donor puts assets into the Lead Trust and designates the income from those assets to be used by the Foundation. At the end of the Trust (donor's lifetime or a term of years) the assets revert to the donor or to a beneficiary of the donor's choosing. This is a great way for a family to move assets (especially a family company) to the next generation without incurring estate taxes. If you have assets you want your heirs to have, and you don't need the income from those assets now, a Lead Trust can be a good choice.

How To Make A Gift In Your Will

Many people are more comfortable with the idea of retaining control of their assets during their lifetime and making charitable commitments to be fulfilled by their executors. Indian River Medical Center Foundation is grateful to know that many

people have included the Foundation in their estate plans. If you do so, please tell us, so that we may say thanks, so we can be sure to understand and honor your intentions, and so we include you in the Legacy Society.

Language For Wills

In your will you may name specific beneficiaries of your estate such as family friends, and favorite charities. When making or revising a will, a donor should obtain the assistance of an attorney. The following are suggested forms for making various types of bequests.

1. Outright bequest in will

(a) Specific dollar amount:

"I bequeath the sum of \$_____ to _____, _____, _____, to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate."

(b) Specific property (personal property):

"I bequeath <DESCRIPTION OF PROPERTY> to _____ to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate."

(c) Specific property (real estate):

"I devise all of my right, title and interest in and to the real estate located at <DESCRIPTION OF PROPERTY> to _____, to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate."

(d) Share of, or entire residue, of estate:

"I devise and bequeath (all/or _____%) of the remainder of my property to _____, to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate."

2. Conditional bequest in will:

Insert the conditional language in one or more of the above provisions. For example:

"If my husband/wife does not survive me, I bequeath the sum of \$_____ to the _____, to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate."

3. If the gift to _____ is for a purpose other than unrestricted use, insert the restriction in place of the words "to be used or disposed of as its Indian River Medical Center Foundation Board of Directors in its sole discretion deems appropriate." For example:

"I bequeath the sum of \$_____ to _____, for the following use and purpose: <DESCRIPTION OF PURPOSE>."

In the event of a gift subject to a restriction, we suggest including one of the following provisions:

"However, I impose no legal or equitable obligation in this regard." or "If in the judgment of the Board of Directors of _____, it becomes impossible to accomplish the purposes of this gift, the income or principal may be used for such related purposes and in such manner as determined by its Indian River Medical Center Foundation Board of Directors."

If you or your attorney prefers alternative wording, please call the Foundation Office and we will work it out to your satisfaction.

Using A Bequest To Endow Your Annual Gift

Many faithful supporters have steadfastly made yearly gifts to the Foundation's Annual Appeal. You may wish to continue your annual giving for generations to come by endowing it with a bequest. If you would like some help working out the numbers, please contact us in the Foundation Office.

Naming Opportunities

One of the best philanthropic traditions is "naming." The Hospital Foundation is proud to recognize the generosity of its donors by naming appropriate facilities and endowments and programs in their honor. We believe seeing the legacy of past donors inspires others, and we want to remind everyone that the care they receive today is better by yesterday's gift. Properly done, the impact of a gift lasts for generations. It is one of the few things you can do that will outlast your lifetime. It is also one of the few things you can do to be remembered for your good deeds in ages to come. You may wish to name something for yourself, your parents or family, your favorite nurse – we are happy to talk with you about the possibilities.

For more information about any of these forms of giving, please call the Foundation Office at (772) 226-4960.