COLUMNS

PRACTICAL GIFT PLANNING NEWS AND IDEAS FOR FRIENDS OF WYOMING SEMINARY

MAY 2017

Will It Be Your Plan or Your State's?

It has been estimated that as many as 60 percent of Americans do not have a valid will or other estate plan in place. For those who fail to plan their estates, each state has strict rules about distribution of property, including:

- Equal provisions for heirs, regardless of different needs.
- Exclusion of friends you may have wanted to remember.
- A court-appointed guardian for minor children.
- Payment of the maximum taxes, fees and expenses that could apply.
- No regard for your charitable wishes.

Procrastination in making long-range plans may be the greatest threat to the future economic security of your loved ones.

Don't delay

If you have not yet made your plans, now may be a good time to meet with your attorney and discover the peace of mind that can come from knowing you have provided for your family, friends and those organizations that are important to you, like Wyoming Seminary.

Six Things to Know About Estate Planning

1. Everyone should have an estate plan.
2. Your plan should include a will.
3. You do not have to be wealthy to create a trust.
4. You can leave an unlimited amount to a spouse tax-free.
5. Talking about your plans with your loved ones may prevent problems later.
6. You can create charitable gifts in your will that leave a lasting legacy to Wyoming Seminary.

Wyoming Seminary's commitment to the arts is on display in the new Kirby Center for Creative Arts building. It is a state-of-the-art facility that is home to dance, theater, voice and instrumental performances throughout the year and into the summer!

Wyoming Seminary is a dynamic independent day and boarding school with unparalleled academics, arts, athletics and activities, and its students graduate prepared to thrive as self-learners in college—and in life.

Does My Will Cover Everything I Own?

If you have an up-to-date will and/or other estate plans in place, you can be assured that most of your assets will be distributed in the future as you wish. However, many people forget that these plans do not cover some of their most significant assets: life insurance policies, retirement plan accounts and assets that are held jointly.

Life insurance

Life insurance benefits are controlled by a designation of beneficiary form. If this form has not been reviewed in recent years, you may discover, for instance, that an ex-spouse may be in line to receive a significant inheritance.

Retirement plans

Here again, the beneficiaries you named in the original (or modified) documents will receive any assets remaining in your retirement plans, such as a 401(k), or an IRA. It is essential that you review beneficiary designations from time to time. Retirement plans assets can make excellent charitable gifts as these funds can be heavily taxed when left to individuals.

Assets held jointly

Real estate, automobiles and bank accounts are some of the assets you may hold jointly with another. These will pass automatically to the survivor, regardless of what your will states.

Your will is a valuable tool for providing for family, friends and organizations that are important to you but don't overlook the other ways property can be distributed.

Giving securities

Many Americans own stocks, bonds and mutual funds that have appreciated in value since they were purchased. Giving appreciated securities to a nonprofit organization like Wyoming Seminary can be an easy way to provide for future students while receiving tax benefits.

Example: Joe and Martha normally give cash contributions but this year, on the advice of their accountant, they decide to give shares of stock. The stock was purchased some years ago and has increased in value since they have owned it. By giving the stock, they can deduct the full market value (not what they paid for it) and bypass the capital gains tax that would have been due had they sold it.

IF YOU HAVE A DONOR ADVISED FUND

Donor advised funds (DAFs) are a great way to give, allowing you to make charitable gifts to those organizations you care about, at the time you choose.

If you have a donor advised fund, have you considered what will happen to the funds in the future, when you are no longer there to make decisions about disposition of funds?

Designating Wyoming Seminary to receive a distribution from a terminating DAF, or to be a beneficiary of endowment distribution, is a wonderful way to make a "bequest" without affecting other estate plans as that money has already been dedicated to charity.

Retirement Plan Questions and Answers

Using your retirement plan assets can be a wise way to make gifts to Wyoming Seminary, both now and in the future. Here are the answers to some questions you may have about making gifts from retirement plan assets.

Q. Why should I use my retirement plan assets to make a gift?

A. If the funds in your tax-favored retirement plan exceed your needs, or you are required to take mandatory withdrawals from such plans, giving from this source may be a good option.

Using these assets as part of your retirement planning can be a wonderful way to give to Sem while minimizing taxes that may otherwise be due on these funds.

Q. What are the tax benefits in making a gift of retirement plan assets?

A. Making a gift from your IRA or similar retirement plan may result in owing little or no tax on these funds. When you itemize your deductions, you report the amount withdrawn from such plans along with an offsetting charitable deduction. Check with your tax advisors for the specifics of your situation.

Q. What if I am required to take withdrawals I do not need?

A. Consider using all or a portion of a required withdrawal to make a gift to Wyoming Seminary. You may reduce or eliminate taxes that would otherwise be due on the amount withdrawn if you itemize your charitable gifts and other deductions.

Q. How do I make a future gift to Wyoming Seminary through my retirement plan?

A. You can name the School to receive all or a part of your retirement plan assets after you are gone. Simply ask your plan administrator for a change of beneficiary form.

For more information about giving through your retirement plan, return the enclosed card or contact us. All inquiries are confidential and carry no obligation.

MAKING TAX-FREE GIFTS FROM YOUR IRA

If you are age 70½ or older, you can give directly to Wyoming Seminary from a traditional or Roth IRA completely free of federal income tax (up to $100,000 per person per year).

Giving in this way can be beneficial, especially if increases in income from withdrawals cause more of your Social Security benefits to be taxed. Additionally, your charitable IRA gift may count towards your required minimum withdrawal.

Since 1844, Wyoming Seminary has built a reputation on challenging academic courses and talented faculty that influence students long after graduation.

Making Your Legacy Gift to Wyoming Seminary

You can continue your support of Sem while still fulfilling important personal responsibilities. Often, charitable gifts can be made from plans you may already have in place. There are also special giving opportunities that feature current tax savings, increased income and other benefits.

PRESERVING YOUR E-ASSETS

In a new age of technology, people are not only purchasing more and more digital assets, they are creating and storing a portion of their identity online. The laws concerning the transfer of ownership of our digital assets are being written and updated on an ongoing basis. It is important to consult your financial and legal advisor to learn the laws and regulations on digital assets in your state of residence, as well as to diligently plan and update your estate plans to include such assets.

You can make a meaningful gift in one or more of the following ways:

- Through a bequest in your will or trust.
- By naming Wyoming Seminary as a beneficiary of all or a portion of funds remaining in retirement plan accounts.
- By giving the proceeds of a life insurance policy no longer needed for its original purpose.
- By naming Wyoming Seminary as beneficiary of a checking account, savings account or investment account.
- By establishing a charitable remainder trust.

For additional information about any of these ways to give, just return the enclosed reply card or call John Shafer at (570) 270-2140 or jshafer@wyomingseminary.org.

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