

# VISIONS



A FINANCIAL AND CHARITABLE PLANNING GUIDE

## See the Difference You Can Make

We all have a group of people we call our friends, but usually one or two stand out as our “best friends.” Likewise, among the charitable organizations you support, perhaps you feel more of a personal connection with one, or more passionate about the work of another.

Our most loyal donors are the ones who have found that connection with Community Hospital of the Monterey Peninsula. They know they can rely on us to achieve results, and we know we can count on them to partner with us on different projects. This is an ideal giving relationship.

Often the biggest obstacle to the success

and implementation of our programs is access to sufficient funds. Through financial contributions, you can be involved in the fulfillment of our mission.

The easiest way to show your support is through gifts you make today. Gifts of cash, stocks or personal property are generally used to serve our immediate needs.

A planned gift, such as a bequest in your will or revocable living trust, the amount remaining in your retirement plan, or a gift of life insurance, ensures that we will have the funds needed to grow far into the future.

We, in turn, will keep you informed of our progress—the success that you helped make possible. Call us to discuss what type of gift may be best for your situation. There is no obligation, and all information you provide will be kept confidential.

## INSIDE

- By Selling Your Home, You Could Be Selling Yourself Short
- Giving Property Away? Your Actions After the Gift Matter, Too

Through a planned gift to Community Hospital, you become a valuable partner in our mission to serve.



## By Selling Your Home, You Could Be Selling Yourself Short

There are different ways to make gifts of real estate, but all offer numerous benefits.

Perhaps your home has become a burden to manage. Or maybe you have property you wish to liquidate, but you would incur a fair amount of capital gains tax. There is another option besides selling. A gift of real estate enables you to enjoy personal benefits while supporting our work in a meaningful way.

**Y**our gift can take many forms, such as your personal residence, vacation home or commercial real estate. You can donate the property outright today, give it to a charitable trust, give it now but retain its use for life (typically only for a personal residence or farm), or give it through your will or living trust.

### Four Ways to Make a Gift Of Real Estate

There are different ways to make a gift of real estate, but all offer benefits—for you and our organization. Read on to discover the method that makes sense for your unique situation.

**Donate your property today.** For a gift you make now of real estate you have held longer

than one year, you are entitled to a charitable deduction for the current fair market value. We take ownership upon receiving your gift. This type of gift is beneficial for our mission because we are able to use it immediately.

**Give your property to a charitable remainder trust.** If you donate your property to a charitable remainder trust, it will pay you (and/or other beneficiaries you select) an *income for life*. You will qualify for a charitable deduction for the value of the property's remainder interest, which comes to us at the trust's termination—after your lifetime. Further, you avoid any up-front capital gains tax. And our organization can look forward to receiving your future gift.

**Donate your home, but continue to use it for your lifetime.** If you want to live in or rent your property *and* donate it to us, consider a retained life estate. By deeding the property to us now, subject to your lifetime use, you can immediately benefit from a charitable income tax deduction equal to the value of our remainder interest. This is an excellent way to support our work today.

## For Sale? Please Think Twice

In our **FREE** brochure, *Tax Benefits of Giving Real Estate*, you will learn about:

- Different ways to make a gift of real estate
- Suitable property to donate
- How to receive income for the rest of your life

Return the enclosed reply card to learn more about this beneficial way to support our mission.



**Leave your property to us in your will.** If you are concerned about making an irrevocable gift, consider leaving your property to us in your will or trust. This offers you the flexibility to change your mind. While this type of gift is not eligible for a charitable income tax deduction, your estate will receive an estate tax charitable deduction for the full value of your property. Your gift will benefit our mission by ensuring that our work can continue into the future.

### Your Next Step

These are only a few of your options for giving real estate. We are available to help you and your advisors determine the best way to meet your objectives. Contact us to further discuss your options.



## Giving Property Away? Your Actions After the Gift Matter, Too

**N**ew York resident Margot Stewart gave a 49 percent interest in a piece of real estate to her son, Brandon, and kept a 51 percent interest—a common estate planning strategy to reduce the value of one's estate. She completed the appropriate documents in May 2000.

After the gift, however, Margot did not give Brandon his share of the income from renting out three floors of the property. In fact, she continued to receive all the income from renting the property. In turn, she also paid more than 90 percent of the expenses. Brandon paid less than 10 percent of the property's expenses and received none of the income.

The Internal Revenue Code states that a gift of property is included in the giver's estate if he or she retains for life the possession or enjoyment of the

property or the right to the income from it. So after Margot died in November 2000, the IRS claimed that because she had kept all the income and paid most of the expenses on the property, the value of the *entire* property should be included in her estate.

The Tax Court sided with the IRS. Hence, Margot's strategy was executed in vain because all of the property's value was eventually subject to estate taxes in her estate.

A word to the wise: When you give a partial interest in a piece of property or other asset to a son or daughter, be sure to treat the property as truly owned, in part, by another party. As always, before you make a gift, obtain the advice of an estate planning attorney.

—Adapted from *Estate of Stewart*, TCM 2006-225.

## Charitable Bequests: Choose From Four Easy Methods

With so many ways to give, making a gift is just a matter of selecting the method that works best for you.

Making a bequest to Community Hospital of the Monterey Peninsula is not only a sign of benevolence, but also the mark of your desire to help shape the future.

**A**long with significant estate tax benefits, when you include a bequest in your will or revocable living trust, you establish a legacy that will live on long after you are gone. Here are four ways to make a difference.

### 1. Direct Bequest

You simply bequeath to us a specific sum of money or other asset; we determine the best use of your bequest.

### 2. Percentage or Residue

You may choose to leave us a percentage of your estate or the “rest, residue and remainder” after all other bequests, debts and taxes have been paid.

### 3. Life Income Plans for Loved Ones

One such plan, a charitable remainder trust, is created in your will. It provides that the trustee hold and invest an amount you state in your will and pay a fixed or variable amount to one or more of your loved ones, typically for their lifetimes. After that, the remainder is distributed to us.

### 4. Memorial Fund

You can also establish a permanent memorial fund in your will. We invest the principal, and the income will be used to benefit the program you choose. This way, your gift will provide support to Community Hospital forever.

As with any financial decision, you should consult with your legal and financial advisors. If you are contemplating a gift to us, please let us know so we can ensure that your gift can be used according to your wishes.



## LOOKING FOR OTHER PLANNED GIFT OPTIONS?

**You may be interested in a charitable planned gift that will provide you with income for life.**

For information or to speak with someone who can assist you with your estate planning, call the Development Office at (831) 625-4506.

Or visit our website at [www.chomp.org](http://www.chomp.org), click on *Ways to Give*, then follow the links to *Private Calculation*.



## Community Hospital Foundation DEVELOPMENT OFFICE

1000 Munras Ave., Suite 200  
Monterey, CA 93940  
(831) 625-4506 ■ Fax: (831) 625-4695

[www.chomp.org](http://www.chomp.org)