



MAKING A BEQUEST TO EARLY CHILDHOOD ALLIANCE

Thank you for your consideration of a legacy gift to Early Childhood Alliance. The information presented below is intended to give you an idea about a variety of options for making a gift to Early Childhood Alliance as a part of your estate plan.

Please note this guide is not legal advice, we advise you to discuss these plans with your personal attorney and/or financial advisor to make sure the plans you are making fit your situation and take advantage of the various tax benefits associated with the different types of gift vehicles.

Our Legal Name is:
Early Childhood Alliance, Inc.
516 East Wayne Street
Fort Wayne, IN 46802

Our Tax ID is:
#35-0953465

SAMPLE LANGUAGE

The following language may help you and your attorney when drawing up a bequest that meets your needs.

General bequest

If you intend to leave an outright gift of cash, securities, or other property by designating a specific dollar amount, a particular asset, or a fixed percentage of your estate to Early Childhood Alliance to be used for general purposes:

“After taking care of all expenses, debts and other provisions, I give, devise and bequeath _____ percent of the rest and residue [or \$____ if a specific amount] to Early Childhood Alliance [TAX ID# 35-0953465] located at 516 E. Wayne St., Fort Wayne, Indiana 46802.”

Specific bequest

If you intend to leave an outright bequest for a specific purpose, such as tuition scholarships or community educational programming:

“I, [name], of [city, state, zip], give, devise and bequeath to Early Childhood Alliance [written amount or percentage of the estate or description of property] for its charitable purposes, including but not limited to _____ use and purpose.”

Contingency bequest

If you wish to make a contingency gift so that Early Childhood Alliance will receive a portion of your estate if your named beneficiary does not survive you:

“If any of the beneficiaries named in this will should die before becoming entitled to receive their distributive share of my estate, I direct my trustee to pay or transfer the share to which such beneficiary would otherwise be entitled, to Early Childhood Alliance for its unrestricted use and purpose.”

If at any point in time and for any reason, you wish to make changes to include Early Childhood Alliance in your will, you can easily amend it by using a codicil. A codicil is a document your attorney can prepare to amend your will or trust without rewriting the entire document. The codicil adds a new gift to Early Childhood Alliance while reaffirming the other terms of your will.

Please consult with your tax advisor and lawyer to determine which planned gift strategy is best for you.



HOW TO FUND A BEQUEST



You can use the following assets to fund a bequest:

Cash

A gift of cash is one of the most popular ways to support Early Childhood Alliance after your lifetime. You may gift a specified sum of money or a percentage of your estate. Cash can be used to support our work in the form of:

- **An outright gift.** By making a cash gift by check, credit card or money order today, you enable us to meet our most urgent needs and carry out our mission daily. You will have the opportunity to see your generosity in action and may also receive an immediate federal income tax charitable deduction when you itemize.
- **A payable on death (POD) account.** A POD bank account or certificate of deposit names one or more persons or charities as the beneficiary of all funds once you, the account owner, pass away. The beneficiary you name has no rights to the funds until

after your lifetime. Until that time, you remain in control and are free to use the money in the bank account, change the beneficiary or close the account.

- **A gift in your will or living trust.** Through a gift in your will or living trust, you can support Early Childhood Alliance with a specific amount of money or a percentage of your total estate. This type of gift allows you the flexibility to change your mind at any time and your estate may benefit from a federal estate tax charitable deduction for the gift.
- **A charitable gift annuity.** One of the most common ways to fund this gift that supports Early Childhood Alliance and provides you and/or a loved one with fixed payments for life is with cash in the form of a check. A charitable gift annuity typically works well for those 60 and older.
- **A donor advised fund.** A gift of cash through check or credit card is one of the easiest ways to contribute to a donor advised fund. Your federal income tax charitable deduction is equal to the amount of your cash contribution.
- **Memorial and tribute gifts.** If you have a friend or family member whose life has been touched by Early Childhood Alliance, consider making a gift to us in his or her name.

Appreciated Securities

A gift in your will or trust of securities often allows you to make larger gifts than you could during your lifetime. Securities and mutual funds that have increased in value and been held for more than one year are a popular choice for those wishing to make a gift to Early Childhood Alliance. Making a gift of securities or mutual funds to us offers you the chance to support our work while realizing important benefits for yourself.

When you donate appreciated securities or mutual funds you have held more than one year to Early Childhood Alliance in support of our mission, you could reduce or even eliminate federal capital gains taxes on the transfer. You could also be entitled to a federal income tax charitable deduction based on the fair market value of the securities at the time of the transfer.

Securities are most often used to support our work in the form of:

- **An outright gift.** When you donate securities to Early Childhood Alliance, you receive the same income tax savings that you would if you wrote us a check, but with the added benefit of eliminating capital gains taxes on the transfer, which can be as high as 20 percent. Making a gift of securities to support our mission is as easy as instructing your broker to transfer the shares or, if you have the physical securities, hand delivering or mailing the certificates along with a stock power to us in separate envelopes. (Using separate envelopes safeguards your gift—the certificates will not be negotiable without the stock power.)
- **A transfer on death (TOD) account.** By placing a TOD designation on your brokerage or investment account; that account will be paid over to one or more persons or charities after your lifetime. It is not necessary for the TOD designation to transfer all the account solely to charity—you can designate a certain percentage of the account. With a TOD account, the beneficiary you name has no rights to the funds until after your lifetime. Until that time, you are free to use the money in the brokerage account, to change the beneficiary or to close the account.

- **A gift in your will or living trust.** If you aren't ready to give up these assets during your lifetime, a gift of securities through your will or living trust allows you the flexibility to change your mind at any time. You can continue to receive dividends and participate in shareholder votes, and the securities are still yours if you need them for other expenses. In as little as one sentence you can ensure that your support for Early Childhood Alliance continues after your lifetime and that your estate will benefit from a charitable estate tax deduction.
- **A donor advised fund.** When you contribute to a donor advised fund with appreciated securities, you will receive a federal income tax charitable deduction for the fair market value of the asset and eliminate capital gains tax. Because of our nonprofit status, Early Childhood Alliance does not pay capital gain tax when we sell the gifted securities.
- **A memorial gift.** If you have a friend or family member whose life has been touched by Early Childhood Alliance, consider making a gift to us in his or her name.
- **A charitable gift annuity.** Funding a gift annuity with appreciated securities or mutual funds will not only provide you with reliable payments for life and allow you to support our work, but it can offer numerous financial benefits. First, your annuity payments are often more than the dividends you would receive each year from the securities. Second, you could receive a federal income tax charitable deduction in the year the gift is made and eliminate part of the capital gains tax you would have paid if selling the securities.
- **A charitable remainder trust.** Highly appreciated securities are one of the best ways to fund a charitable remainder trust. You may be reluctant to sell such assets directly because of the tax you would pay on the gain; however, if the assets were transferred to a charitable remainder trust, the assets could be sold without incurring the capital gains tax. The trustee can then reinvest the proceeds to secure a higher current income yield.
- **A charitable lead trust.** Rapidly appreciating assets such as stocks are a great way to fund a charitable lead trust. The assets transferred to the lead trust are frozen in value for transfer-tax purposes at the time of funding. At the end of the trust's term, all appreciation that takes place in the trust will pass tax-free to your heirs.

Real Estate

To avoid the administrative hassles of selling real estate during your lifetime, give it to us through a bequest. Such a generous gift helps us continue our work for years to come – and a gift of real estate also helps you. When you give us appreciated property you have held longer than one year, you could get a federal income tax charitable deduction. You could avoid paying capital gains tax. And you no longer have to deal with that property's maintenance costs, property taxes or insurance.

Another benefit: You don't have to hassle with selling the real estate. You can deed the property directly to Early Childhood Alliance or ask your attorney to add a few sentences in your will or trust agreement. You can give real estate to Early Childhood Alliance in the following ways:

- **An outright gift.** When you make a gift today of real estate you have owned longer than one year, you obtain a federal income tax charitable deduction equal to the property's full fair market value. This deduction lets you reduce the cost of making the gift and frees cash that otherwise would have been used to pay taxes. By donating the

property to us, you could also eliminate capital gains tax on its appreciation. Furthermore, the transfer is not subject to the gift tax, and the gift reduces your future taxable estate.

- **A gift in your will or living trust.** A gift of real estate through your will or living trust allows you the flexibility to change your mind and the potential to support our work with a larger gift than you could during your lifetime. In as little as one sentence or two, you can ensure that your support for Early Childhood Alliance continues after your lifetime and that your estate will benefit from a federal estate tax charitable deduction.
- **A deferred charitable gift annuity.** Are you tired of the hassles of maintaining your property such as paying taxes, utilities and repair bills? Consider donating the property to Early Childhood Alliance in exchange for reliable payments for life for you (and someone else if you choose). When you arrange a charitable gift annuity, you're allowed a federal income tax charitable deduction in the year you set up the gift annuity when you itemize on your taxes. If you use appreciated real estate to make a gift, you can usually eliminate capital gains tax on a portion of the gift and spread the rest of the gain over your life expectancy. A gift of unmortgaged property to fund a deferred gift annuity is preferable and could generate the greatest tax benefit.
- **A bargain sale.** Want to sell us your property for less than the fair market value? A "bargain sale" may be the answer. When you make a bargain sale, you sell your property to our organization for less than what it's worth. The difference between the actual value and the sale price is considered a gift to us. A bargain sale can be an effective way to dispose of property that has increased in value, and it is the only gift vehicle that can give you a lump sum of cash and a charitable deduction at the same time.
- **A charitable remainder unitrust.** You can contribute any type of appreciated real estate you've owned for more than one year, provided it's unmortgaged, in exchange for an income stream for life or a term of up to 20 years. The donated property may be a residence (a personal residence must be vacant upon contribution), undeveloped land, a farm or commercial property. Real estate works well with only certain variations of charitable remainder trusts. Your estate planning attorney, who will draft your trust, can give you more details.
- **A charitable lead trust.** This gift can be a wonderful way for you to benefit Early Childhood Alliance and simultaneously transfer appreciated real estate to your family tax-free. You should consider funding the charitable lead trust with real estate that is income producing and expected to increase in value over the term of the trust.
- **A memorial or endowed gift.** A gift of real estate may be a perfect way to honor your loved one in perpetuity. When you make an endowed gift of real estate, your contribution is invested with and becomes part of our endowment. An annual distribution is made for the purpose you designate. Because the principal remains intact, the fund will generate support in perpetuity.
- **A donor advised fund.** When you transfer real estate to your donor advised fund, you avoid capital gains taxes and receive a federal income tax deduction based on the fair market value of the property.

Tangible Personal Property

Leave your legacy with a gift of antiques, stamp/coin collections or works of art. Your treasures can make suitable charitable gifts today or after your lifetime. The financial benefits of the gift depend on whether we can use the property in a way that is related to our mission.

Related use property—e.g., a piece of artwork donated to an art museum—is deductible at the full fair market value. Any other property is deemed nonrelated use property and the deduction would be limited to the lesser of fair market value or your tax basis in the property.

If the federal income tax charitable deduction claimed for a gift of tangible personal property exceeds \$5,000, you must obtain an appraisal from a qualified appraiser and submit a special IRS form with the tax return on which the deduction is claimed. There are several ways to make a gift of personal property to us:

- **An outright gift.** This allows you to benefit our work today and could give you an immediate federal income tax charitable deduction.
- **A gift in your will or living trust.** You can leave a legacy at Early Childhood Alliance by donating your treasures to us through your will or living trust. A benefit of donating property through your will is that your estate could receive a federal estate tax charitable deduction.
- **A bargain sale.** You can sell us your property for less than the fair market value of the item. For example, if you sell us an antique for \$25,000 that is worth \$50,000, you will receive a federal income tax charitable deduction of \$25,000 plus the payment from us of \$25,000.
- **A memorial or tribute gift.** If you have a friend or family member whose life has been touched by Early Childhood Alliance, consider making a gift to us in his or her name.
- **A charitable gift annuity.** You can sometimes use non-income producing property such as a valuable stamp and coin collections or works of art in exchange for life payments and a federal income tax charitable deduction. The amount of the charitable deduction depends, in part, on whether the donated items are retained by the charity and used for its tax-exempt purpose.

Closely Held Stock

If you want to remain in control of your closely held stock during your lifetime, consider a gift in your will or living trust. Closely held stock is most often used to support our work in the form of:*

- **An outright gift.** You can make a gift of closely held stock as long as the constituting documentation for the business permits additional owners and it is debt-free. The donation of closely held stock first requires you to value the interest in the business entity.

Review this checklist to see if you may benefit from donating closely held stock. Then, consult your professional legal and tax advisors to see how to maximize the benefits of this tax-efficient strategy for making a difference.

- o You are a majority shareholder in a closely held corporation.
- o You would like to remove retained earnings from the corporation, without having them taxed again.
- o You would like to maintain a controlling position in the corporation's outstanding stock.

- o You would like to avoid capital gains taxes on the shares you donate to Early Childhood Alliance.
 - o You would like to receive a federal income tax deduction for the full appraised value of the gift.
 - o You would like to support our mission.
 - **A gift in your will or living trust.** If you are not ready to make a gift of these assets during your lifetime, consider making a gift of all or a portion of your closely held stock through a bequest in your will or living trust. If your estate is worth more than the current exemption amount, you could receive a federal estate tax charitable deduction for the value of your gift.
 - **A charitable gift annuity.** Funding a charitable gift annuity with closely held stock not only provides you with fixed payments for life and allows you to support our work, but it can offer numerous financial benefits. You could receive a federal income tax deduction and, if you use appreciated stock, you could eliminate capital gains tax on a portion of the gift and spread the rest of the gain over your life expectancy. It is possible to contribute stock in either a C or S corporation in exchange for a charitable gift annuity. The contributed shares must be valued by a qualified independent appraisal whenever the deduction exceeds \$10,000. The appraisal is required to substantiate your federal income tax deduction.
 - **A charitable remainder trust.** You may be able use your all or a portion of your closely held stock to fund a charitable remainder trust. If you do, you could receive a federal income tax deduction for your gift and there is no immediate capital gain on the portion gifted to the trust. The trust pays you or other named individuals payments every year for life or a term of years. When the trust term ends, the remaining principal goes to Early Childhood Alliance as a lump sum. Although a charitable remainder trust with a flip triggering event works well with most business interests, this type of trust cannot be the owner of S Corporation stock.
 - **A charitable lead trust.** In certain situations, you can create a charitable lead trust that allows you to pass your closely held stock to your heirs after supporting Early Childhood Alliance. The trust makes regular payments to Early Childhood Alliance for a period measured by a fixed term of years or the lives of one or more individuals. After the term ends, the remaining assets, including any appreciation, pass to your heirs. A properly designed lead trust will produce an estate or gift tax deduction for the value of that portion of the trust designated for Early Childhood Alliance.
- * A gift of closely held stock requires special handling, so you should always consult with your legal or tax advisor first.*

[Thank you](#) for your consideration of making a planned gift to Early Childhood Alliance.

