

Global Family Care Network

## *A Guide to Planned Giving*

Global Family is a 501(c)3 non-profit organization working to protect children and strengthen families. We invite you to partner with us by making a planned gift!



### CONTACT US

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## *What is Global Family?*

Global Family Care Network is a non-profit organization that works to prevent and intercept child trafficking and systematic abuse and provide long-term and family-based care for children who are victims of commercial sexual exploitation and other forms of abuse. We were founded in 2007 and work in the United States, Canada, India, Nepal, Myanmar, Thailand, Sri Lanka, France, and El Salvador.

Our mission is to preserve the family and protect at-risk children with the assistance of local churches, community organizations, volunteer caregivers, and donors. Our vision is to help as many children as possible who are victims of poverty, exploitation, and abuse by modeling and sharing principled methods that represent the best possible outcome.

Collectively, our model projects are active in eight countries with 304 global team members. We have reported the following outcomes over the last ten years:

- 166,447 participating in prevention clubs being educated about trafficking and child sexual abuse and empowered to protect themselves
- 1,301 daughters, victims of trafficking and exploitation, cared for in our shelters
- 1,582 children restored back home with their families





## ***What are the benefits of setting up a planned gift?***

### **SIZABLE TAX BREAK**

From a fiscal perspective, the tax breaks are a huge advantage to making a planned giving arrangement.

### **DETERMINATION OF HOW FUNDS ARE USED**

You may choose to give to a certain campaign or to an annual fund and can determine how funds will be spent within Global Family.

You should consult with your legal counsel before entering into any legal arrangements.

## ***Options for Planned Giving***

See the following section for more details about getting started.

### **1. CHARITABLE BEQUEST**

This is a statement in your will, trust, or estate plan that designates a gift to Global Family.

### **2. CHARITABLE GIFT ANNUITY**

You may give a large amount of money to Global Family, and Global Family then pays you an annual set income from that sum until the pay period ends. Global Family will then retain the leftover funds.

### **3. CHARITABLE REMAINDER TRUST (CRT)**

This is a trust that is gifted to Global Family that pays an annual amount to the trustee(s). Once the trust is complete, Global Family will receive the remaining funds. A charitable remainder annuity trust pays an amount each year, while a charitable remainder unitrust pays a percentage of the remaining trust fund.

### **4. RETIREMENT PLANS AND LIFE INSURANCE**

This gifting opportunity involves obtaining a beneficiary designation from your retirement plan or life insurance policy administrator and naming Global Family as the entire or partial beneficiary of a retirement plan assets or policy proceeds upon the owner's death.

### **5. CURRENT OUTRIGHT GIFTS**

Gifts of assets such as stock, real estate, and tangible personal property qualify as planned gifts by virtue of their dollar amount and the fact that they are combined with other assets.

## *1. Charitable Bequest*

This is a statement in your will, trust, or estate plan that designates a gift to Global Family. Gift amounts can be stated in three main ways:

1. *A specific amount* in the exact amount of money that you want to give.
2. *A percentage amount*, for example, a percentage of your estate.
3. *A remainder amount*, such as leftover funds that Global Family will receive once you have paid other bequests.

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### **SAMPLE BEQUEST LANGUAGE**

#### *Bequest of a specific dollar amount*

“I hereby, give, devise and bequeath [\$Dollars] to Global Family Care Network, Inc., a non-profit organization located at P.O. Box 13160, Bakersfield, CA 93305, USA, Federal Tax ID # 20-8346599 for Global Family Care Network, Inc.’s general use and purpose.”

#### *Bequest of specific personal property*

“I hereby, give, devise and bequeath [Description of Property OR Percentage of Your Estate] to Global Family Care Network, Inc., a non-profit organization located at P.O. Box 13160, Bakersfield, CA 93305, USA, Federal Tax ID # 20-8346599 for Global Family Care Network, Inc.’s general use and purpose.”

#### *Bequest of specific real estate*

“I hereby, give, devise and bequeath all of the right, title and interest in and to the real estate located at [Address or Description of Property] to Global Family Care Network, Inc., a non-profit organization located at P.O. Box 13160, Bakersfield, CA 93305, USA, Federal Tax ID # 20-8346599 for Global Family Care Network, Inc.’s general use and purpose.”

#### *Bequest of percentage of an estate*

“I hereby, give, devise and bequeath [Percentage of Your Estate] to Global Family Care Network, Inc., a non-profit organization located at P.O. Box 13160, Bakersfield, CA 93305, USA, Federal Tax ID # 20-8346599 for Global Family Care Network, Inc.’s general use and purpose.”

#### *Residual (remainder) bequest*

“I hereby, give, devise and bequeath the residue of my estate, after the satisfaction of all specific bequests and the payment of all taxes and other costs attending my death, to Global Family Care Network, Inc., a non-profit organization located at P.O. Box 13160, Bakersfield, CA 93305, USA, Federal Tax ID # 20-8346599 for Global Family Care Network, Inc.’s general use and purpose.”

## SUMMARY

CHARITABLE BEQUEST	
How does it work?	Simplest form of gift planning (plan now, give later)
What do you do?	Make a gift that costs nothing during your lifetime
How do you make the gift?	Name us in your will or living trust by designating a specific amount or a share of the residue
DONOR BENEFITS	
Reduce estate tax	Donation exempt from federal estate tax
Reduce capital gains	Complete avoidance
Give an asset but keep enjoying it	Control of assets during lifetime
More	Make a substantial gift when you no longer need the assets

## *2. Charitable Gift Annuity*

A charitable gift annuity is a contract between you, the donor, and Global Family. As a donor, you may make a sizable gift to Global Family using cash, securities, or other assets. Global Family then pays you an annual set income from that sum until the pay period ends. Global Family will then retain the leftover funds. In return, you become eligible to take a partial tax deduction for your donation, plus you receive a fixed stream of income.

Individuals or couples can set up a charitable gift annuity. You are the “annuitants”, which is the specific name for beneficiaries of annuities and many insurance policies. In addition to the income stream, annuitants may also be eligible to take a tax deduction at the time of the original gift, based on the estimated amount that will eventually go to Global Family after all the annuity payments have been made. A portion of the payments you receive may also be tax-free for a period of time based on your statistical life expectancy.

A gift annuity agreement is a lifelong contract, not a trust, between Global Family and the annuitant(s). The terms of this agreement will define the rate, amount and timing of all payments the annuitant(s) receive.

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### **BENEFITS OF CHOOSING A CHARITABLE GIFT ANNUITY**

- ◇ Income stream for the rest of your life
- ◇ Immediate (partial) tax deduction based on your life expectancy and the anticipated income stream
- ◇ Potential for a portion of the income stream to be tax-free
- ◇ Possibility of donating many types of assets including cash, securities, plus personal property
- ◇ Reduced or eliminated capital gains tax liability for gifts of appreciated securities and personal property
- ◇ Supporting an organization you care about

### **CONSIDER THE FOLLOWING WHEN THINKING ABOUT SETTING UP A CHARITABLE GIFT ANNUITY**

- ◇ Subject to income tax on the income stream (payments from the annuity)
- ◇ Payments are fixed and won't be adjusted for inflation

Please contact us to discuss options for setting up a charitable gift annuity and to see the contract that Global Family offers.

## SUMMARY

CHARITABLE GIFT ANNUITY	
How does it work?	Simple gift contract that provides lifetime payments to one or two persons.
What do you do?	Supplement income with steady payments that are partially tax-free.
How do you make the gift?	Establish a gift annuity contract with us that pays a set amount for life or for a period of time.
DONOR BENEFITS	
Reduce estate tax	Removes taxable assets from estate
Reduce income tax	Deduction for gift portion of asset
Reduce capital gains	Partial avoidance
Get income back from the gift	Fixed payments for life for one or two individuals
More	Great retirement income supplement

### *3. Charitable Remainder Trust (CRT)*

A Charitable Remainder Trust (CRT) is a planned giving vehicle that provides immediate tax benefits and is structured to generate lifetime income for specified beneficiaries (including yourself). This is a trust that is gifted to Global Family and held in a segregated gift annuity reserve account, that pays an annual amount to the trustee(s). Once the trust is complete, Global Family will receive the remaining funds. A Charitable Remainder Annuity Trust (CRAT) pays an amount each year, while a Charitable Remainder Unitrust (CRUT) pays a percentage of the remaining trust fund.

A trust is created when one holds property for the benefit of another. The “grantor” creates the trust. The one for whose benefit the property is held is the “beneficiary” and holds “equitable” or “beneficial” title to the property. The trustee, usually a party independent of the grantor and beneficiary, is the fiduciary who manages and administers the trust and holds legal title to the property. Although Global Family cannot act as a trustee, we recommend that donors use a third-party manager, a bank trust company, to administer the trust and prepare trust tax returns.

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#### **HOW IT WORKS**

##### *1. Make a partially tax-deductible donation*

Donate cash, stocks or non-publicly traded assets such as real estate, private business interests and private company stock and become eligible to take a partial tax deduction. The partial income tax deduction is based on the type of trust, the term of the trust, the projected income payments, and IRS interest rates that assume a certain rate of growth of trust assets.

##### *2. You or your chosen beneficiaries receive an income stream*

Based on how you set up the trust, you or your stated beneficiaries can receive income annually, semi-annually, quarterly or monthly. Per the IRS, the annual annuity must be at least 5% but no more than 50% of the trust's assets.

##### *3. After the time specified timespan or the death of the last income beneficiary, the remaining CRT assets are distributed to the designated charitable beneficiaries*

When the CRT terminates, the remaining CRT assets are distributed to the charitable beneficiary. Depending on how the CRT is established, the trustee may have the power to change the CRT's charitable beneficiary during the lifetime of the trust.

#### **WHAT ASSETS MAY BE DONATED TO A CRT?**

- ◇ Cash
- ◇ Publicly traded securities
- ◇ Some types of closely held stock (excluding S-Corp stock)
- ◇ Real estate
- ◇ Certain other complex assets

## TAX BENEFITS OF A CRT

- ◇ Income tax charitable deduction: You, the donor, receives an income tax deduction at the time the trust is funded.
- ◇ No capital gains tax paid on asset conversion/sale of assets: The full value of the donated assets will keep working for the donors and their beneficiaries.
- ◇ Tax-free growth of assets in the trust: The value of the assets placed in the trust will increase faster through tax-free growth.
- ◇ Possible gift/estate tax charitable deduction: The donor's heirs and the charity should benefit rather than the Internal Revenue Service.

## OTHER BENEFITS OF CHOOSING A CRT

- ◇ You can create income for yourself as well as loved ones
- ◇ Flexibility to choose income for life or a term of years, or both
- ◇ You can gift cash, real estate, securities and other appreciated assets

## CONSIDER THE FOLLOWING WHEN THINKING ABOUT SETTING UP A CRT

- ◇ Contributions made to a CRT are irrevocable gifts
- ◇ All unrelated business taxable income (UBTI) is taxed at a rate of 100%
- ◇ Beneficiary payments are subject to the "WIFO" (Worst In, First Out) tax method, which treats the highest tax rate as the first distributed
- ◇ Some illiquid assets may not be appropriate for a CRT if they do not generate sufficient income
- ◇ If the trust's payout exceeds its investment return, the trust could spend down all assets

If you think a CRT would be of value to you and your family, speak with a tax-planning attorney, insurance professional, corporate trustee, investment adviser, CPA, and/or Global Family. Be sure an attorney experienced in CRTs prepares the documents that you need.

## SUMMARY

CHARITABLE REMAINDER TRUST	
How does it work?	Trust that pays income for life or a term of years to donor/others
What do you do?	Diversify assets, avoid or defer capital gains tax, secure often-greater income and possible inflation protection
How do you make the gift?	Create a trust that pays income to donor/others; principal (remainder) ultimately goes to Global Family
DONOR BENEFITS	
Reduce estate tax	Remove taxable assets from estate
Reduce income tax	Deduction for gift portion of asset
Reduce capital gains	Partial avoidance
Get income back from the gift	Variable or fixed income for life
More	Significant income and estate tax advantages

## *4. Retirement Plans and Life Insurance*

This gifting opportunity involves obtaining a beneficiary designation from your retirement plan or life insurance policy administrator and naming Global Family as the entire or partial beneficiary of a retirement plan assets or policy proceeds upon the owner's death.

You may name Global Family as either a primary beneficiary or contingent beneficiary. If you name additional primary beneficiaries, Global Family will share equally in the proceeds unless you instruct otherwise. As a contingent beneficiary, Global Family will receive death benefits if all primary beneficiaries die before you do.

Making Global Family the beneficiary of your IRA, other retirement assets, or life insurance involves filling out a designated beneficiary form through your employer or your plan administrator. Most banks and financial services firms also have beneficiary forms, or they can provide you with suggested language for naming beneficiaries to these accounts.

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### **RETIREMENT PLANS**

Options for donating retirement assets include donating during your lifetime or as part of an estate plan.

Retirement assets will generally pass directly to Global Family (as well as other beneficiaries) without going through probate. Depending on the source of the assets, your estate may qualify to receive a tax deduction for your charitable gift. Global Family can cash the account out immediately and not have to pay any income tax on the distribution because it's a tax-exempt entity. This can be of great benefit in the case of traditional accounts, where 100 percent of distributions to beneficiaries other than charities are subject to income tax at ordinary rates.

IRA owners over age 70<sup>1/2</sup> have access to even better gift arrangements: qualified charitable distributions (QCDs) up to \$100,000 that avoid future testamentary transfer and income taxes and reduce current income taxes as well. These so-called IRA rollover gifts have been highly popular among qualified donors since being authorized by Congress in 2006 and reauthorized each year thereafter.

### **LIFE INSURANCE PLANS**

Life insurance policies allow you to pick multiple beneficiaries and specify what percentage of the money should go to each beneficiary. The annual insurance premiums can be considered annual charitable giving so that you get tax benefits each year. Additionally, the proceeds avoid probate because they don't form part of the estate.

#### *1. Policy Donations*

The most tax-effective way to donate life insurance is to transfer the policy so that the charity becomes the owner and beneficiary. You are entitled to an immediate charitable deduction for income tax purposes. If you continue to pay the premiums, each payment is also a deductible charitable donation. In addition, the policy is removed from your estate, which can mean significant estate tax savings.

Global Family will receive the entire face amount of the policy upon the death of the insured. The cost to the donor is the premium paid on the policy, and any premiums paid after the date of the gift will be deductible as well. There is also no limit on the size of the policy that may be donated since charitable donations have no ceiling for estate tax purposes. This strategy does not impede the donor's current investment strategy and can provide a useful way to dispose of an unwanted policy originally purchased to cover a need that no longer exists.

## 2. Naming Global Family as a Beneficiary

Naming Global Family as a beneficiary is simpler but doesn't offer the income tax advantages that come with gifting a policy. It does reduce the donor's estate by the amount of the death benefit. Donors who aren't sure how they want to distribute their assets after death can list Global Family as a revocable beneficiary, which gives them flexibility in case their financial situation changes. If the donor chooses to stop paying premiums, Global Family can choose to continue the process or allow the policy to lapse.

## 3. Gifting Policy Dividends

Although gifting policy dividends will not provide the same amount of benefit to Global Family as the other strategies above, it is possible for policyholders to receive the dividends paid to their life insurance policies in cash and donate them to Global Family. The dividends donated are deductible in the same manner as premiums paid on a gifted policy, and this strategy does not require any additional cash outlay from the donor. Corporations can also effectively implement this strategy as a giving policy to realize tax and community benefits.

## SUMMARY

	RETIREMENT PLANS	LIFE INSURANCE
How does it work?	Name us as the beneficiary of the plan	Give old or new policy with us as beneficiary and owner
What do you do?	Avoid double taxation at death; give tax-advantaged assets to heirs	Make a large gift at little cost
How do you make the gift?	Name us as whole or partial successor beneficiary on your plan's form	Donate a paid-up policy you no longer need or take out a new policy
<b>DONOR BENEFITS</b>		
Reduce estate tax	Donation exempt from federal estate and income tax	Donation exempt from federal estate tax
Reduce income tax	Your heirs will avoid income tax	Current income tax deduction for paid-up policy; future deductions for premium payments on new policy
More	Often overlooked and easily given	Simple to set up; small financial commitment for large ultimate gift

## *5. Current Outright Gifts*

Gifts of assets such as stock, real estate, and tangible personal property qualify as planned gifts by virtue of their dollar amount and the fact that they are combined with other assets. Please refer to Global Family’s Gift Acceptance Policy document for guidelines around gifting stock, real estate, and other property.

When reviewing gifts of personal property and real estate, Global Family’s board of directors considers the following questions:

- ◇ Does the property further the organization’s mission?
- ◇ Is the property marketable?
- ◇ Are there any unacceptable restrictions imposed on the property?
- ◇ Are there any carrying costs for the property for which the organization may be responsible? Is the title/provenance of the property clear?

If you want to donate stock, contact your investment advisor or brokerage firm to find out what steps you need to take, such as filling out a transfer form. Your gift will be counted on the date the stock is transferred.

### **SUMMARY**

	SECURITIES	REAL ESTATE	PERSONAL PROPERTY
How does it work?	Give appreciated securities	Give appreciated real estate	Give tangible property
What do you do?	Avoid tax on capital gains; afford a larger gift to us	Make a substantial gift, avoid capital gains tax, receive a large income tax deduction	Put assets you no longer need or can maintain to good use
How do you make the gift?	Contribute long-term appreciated stock or other marketable securities	Donate the property to us	Donate tangible personal property related to our tax-exempt function
<b>DONOR BENEFITS</b>			
Reduce estate tax	Removes taxable assets from the estate		
Reduce income tax	Immediate deduction for full value		
Reduce capital gains	Complete avoidance		
More	Still like the stock? Use your cash to buy at today’s price and lock in a higher cost basis	Coordinate with Global Family before making donation	Can be used to make a significant gift without cash outlay

## *Designated Campaigns*

You may choose to designate your funds to specific campaigns and/or projects.  
Please contact us to discuss the specific campaigns and projects that are  
available for planned giving designation.



***Let's Talk***

Please contact us at  
[info@myglobalfamily.org](mailto:info@myglobalfamily.org) or  
(661) 213-3380 to discuss  
how we can help you set  
up a planned gift.

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