

Living *and* **GIVING**



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Boy Scouts of America National Foundation

2008 Revision

Table of Contents

Scout Oath, Law, Motto, Slogan	1
Foreword	2
The BSA National Foundation	
Charitable and Planned Gift Services	3
Donor-Advised Funds	4
Family Wealth Consulting	4
Cash and Property Gifts	
Cash Gifts	5
Stock Gifts	6
Tangible Personal Property Gifts	8
Gifts of Land, Homes, and Farms	9
Life Insurance	12
Income-Producing Gifts	
The BSA Charitable Gift Annuity	14
Pooled Income Fund	16
Charitable Remainder Trusts	17
Charitable Lead Trusts	19
Bequests and Revocable Gifts	
Wills and Bequests	20
IRAs and Retirement Plans	21
Non-Charitable Gift Planning	22
National Recognition for Council	
Endowment Gifts	
The James E. West Fellowship	24
The 1910 Society	24
The Founders Circle	25
Scout Philanthropy Society	25
For More Information	26

Scout Oath or Promise

On my honor I will do my best
To do my duty to God and my country
and to obey the Scout Law;
To help other people at all times;
To keep myself physically strong,
mentally awake, and morally straight.

Scout Law

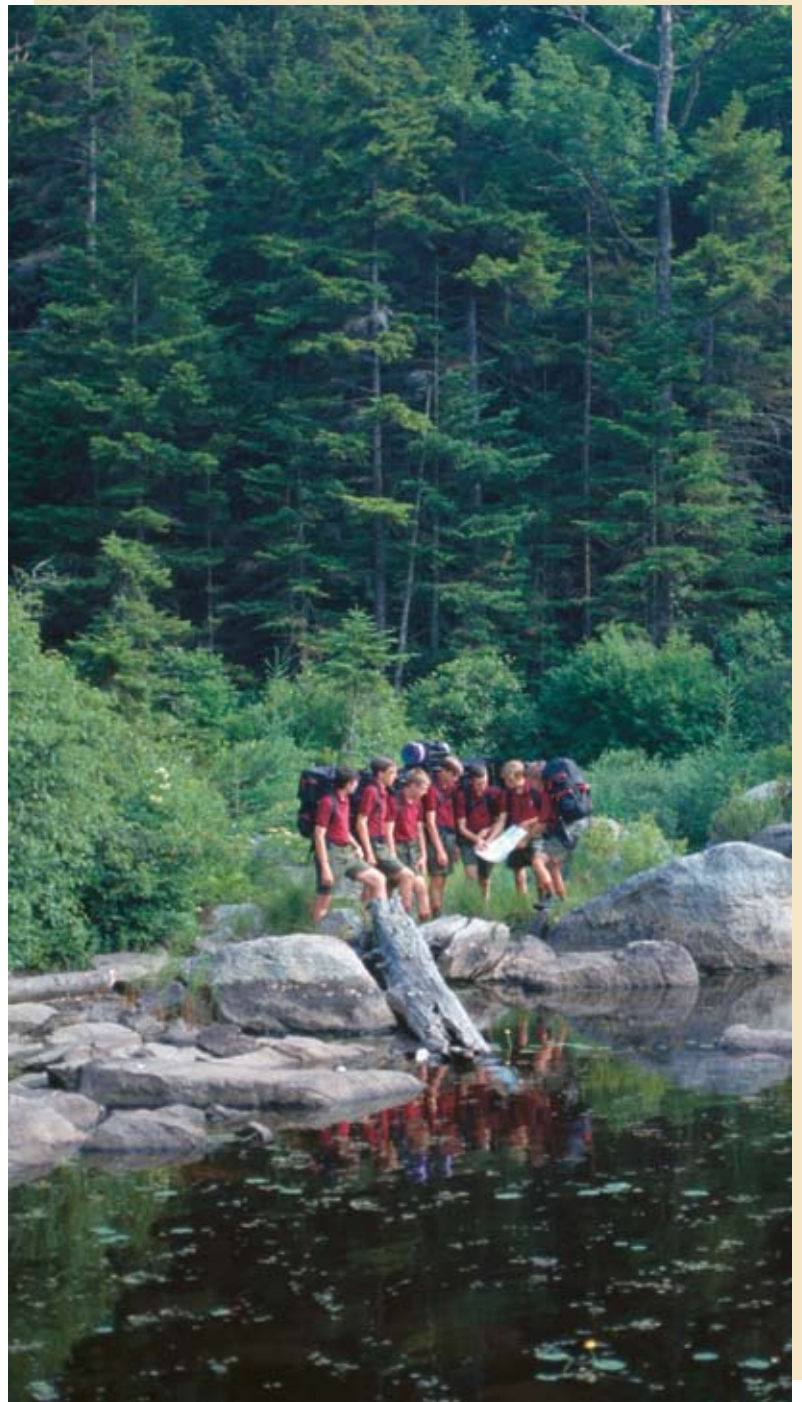
A Scout is trustworthy, loyal, helpful,
friendly, courteous, kind, obedient,
cheerful, thrifty, brave, clean,
and reverent.

Scout Motto

Be prepared.

Scout Slogan

Do a good turn daily.



Foreword



Scouting's original founder, Lord Robert Baden-Powell, lived by an interesting motto: "We only have a short time to live, so we must do things that are worthwhile, and do them now." This belief clearly influenced his vision of the organization he was to create. But it also continues to define the true importance of Scouting, the relevance and impact of its programs, and the vital role that our great volunteers play in making Scouting what it is today.

Few things are as worthwhile, or as important to do now, as taking care of those you love and care about the most. So take a few minutes to look through this booklet and see some of the ways your charitable gifts can benefit you, your family, and your favorite charities.

Of course, there isn't room here to talk about all the worthwhile things Scouting can do with your gifts! Just ask us and we'll be happy to tell you. You probably already know this, but we assure you, few things in life are as special as making a difference in the life of a young person, unless it's seeing the difference that same young person can make in the community and in the lives of others. That's Scouting, and that's why we thank you for your interest in and support of this great movement.



The BSA National Foundation

Endowment is critical to effectively delivering Scouting and its benefits in communities across America. The BSA National Foundation is part of Scouting's effort to ensure that local councils continue to be vigorous and successful, with the resources they need to fulfill their mission.

Charitable and Planned Gift Services

The BSA National Foundation welcomes a wide variety of gifts to support the needs and mission of Scouting. General unrestricted gifts are used to support Scouting initiatives of greatest need, as determined by the Foundation. Specific purpose gifts—for a donor-selected council, program, or initiative—are welcome as well. Typical gift purposes may include:

- Individual gifts to benefit multiple councils, programs or Scouting organizations
- Corporate and foundation gifts for specific Scouting programs and initiatives in targeted communities
- Planned gifts to generate current income and tax benefits for donors and eventually benefit Scouting
- Gifts for World Scouting organizations and needs

Most gifts to the Foundation are gifts of cash and stocks. But gifts also include:

- Wills and bequests
- Charitable remainder trusts and charitable lead trusts
- Beneficiary designations from life insurance and IRAs
- Homes, rental properties, ranches, and other real estate
- Bargain sales, gift/sales, and life estates
- Personal property (art, collectibles)
- Oil and gas royalties
- Other marketable assets (as approved by the Foundation)

For more information on any of these, see more detailed discussions later in the publication.

Donor-Advised Funds

Many donors and families who seek greater flexibility in their philanthropic planning decide to establish a Scouter Advised Fund. These allow donors to create a single fund and advise the Foundation about annual distributions to Scouting and non-Scouting entities.

Donors often use these funds to help their children or grandchildren become more fully engaged in philanthropy. The donor creates the fund and selects the children or grandchildren to advise the fund, recommend annual distributions from the fund, and receive reports as to how the charities used the funds.

Family Wealth Counseling

Even the most generous and successful individuals share a common realization: that passing valuables to others is easy, but passing *values* to them is difficult. It's the difference between saving taxes and saving the family fortune. To help address these issues, the BSA Foundation is pleased to offer free planning resources and highly confidential, personal counseling for donors and their families. Ask for more information about how you can put your "family first and fortune second" and preserve both your estate *and* your family values and ethics for the next generation.



Cash and Property Gifts

Cash Gifts

Gifts of cash are the most basic and important source of support for Scouting and other charities. They are easy and popular, and (if you itemize your deductions) you receive a charitable income tax deduction equal to the *full value* of the gift. Also, the higher your tax bracket, the more your charitable tax deductions are worth to you.

As a general rule, a cash gift:

- Is deductible up to 50 percent of your adjusted gross income each year. Unused deductions may be carried over and used for five years after the gift is made.
- Is considered complete on the date it is either hand delivered or mailed. For example, a year-end gift mailed in December is deductible that year, even if not received by the council until January.

Of course, income-producing interests such as oil, gas or mineral interests, mortgage income, or copyrights may also be contributed or assigned to your local council, generating a continuing source of cash for it.



Stock Gifts

Publicly Traded Securities

For many donors, a charitable gift of stocks or bonds can provide tax benefits that are even greater than those for cash gifts of equal value, particularly for securities that have appreciated in value. In most cases, you can contribute appreciated securities and take a charitable deduction for the full market value of the securities (if you've owned them for at least one year). Another benefit: You avoid paying the capital gains tax on the appreciated value. These same benefits are available for mutual fund shares as well.

While you can donate securities that are worth *less* than you paid for them, you may receive greater tax benefits if you sell them and donate the cash proceeds. You can also donate securities you've owned for *less* than one year, but your charitable tax deduction is usually limited to *cost basis*. As with all gifts, discuss these with your advisers; there may be other tax advantages to you for gifts of short-term property with little or no appreciation.

Remember: securities you have owned for more than a year are deductible up to 30 percent of your adjusted gross income (AGI) every year. Those held for less than a year are deductible up to 50 percent of your AGI every year. Excess deductions for both may be carried over for five years after the year of gift.



Example: A donor is considering a gift of \$100,000. It may be cash or stock with a basis of \$20,000 he has held for more than a year.

The comparison:

	Gift/Tax Deduction	Tax Owed by Donor	Capital Gains Tax Saved (15% bracket)
Cash Gift	\$100,000	0	0
Stock Gift	\$100,000	0	\$12,000
Stock Sold, With Gift of Proceeds	\$100,000	-\$12,000	0

Closely Held Stock

Often very highly appreciated in value (and expensive to sell), gifts of closely held stock offer the same tax advantages as a gift of common stock. In fact, some donors use these gifts as a way of indirectly transferring ownership to others such as family members, or regaining control of the shares and establishing a new cost basis for the stock.

Example: A council board member owns 80 percent of a family business; his children own the other 20 percent. He transfers to the council a 5 percent interest in the company and gets a tax deduction for the value of those shares. The company buys the shares from the council, retires the shares, and, in doing so, increases the children's percentage ownership of the outstanding shares. If, instead, the donor buys back those shares, he would retain the same ownership percentage but increase his tax basis in the reacquired shares.

Remember: though the advantages of closely held stock gifts are similar to those of publicly traded stock gifts, an appraisal may be required to establish the market value of these shares.

Stock Options

Stock options can be very valuable gifts to a local council. While it is often a “painless” way to make a gift (since you’re giving away something you don’t actually own yet), gifts of stock options can pose certain challenges. For example, gifts of stock options will not produce an immediate tax deduction. After all, the value of the gift won’t be known until after the council exercises the option. When the option is exercised, your charitable tax deduction would equal the difference between the option price and the stock value.

In fact, some stock options may not be contributed, under the terms of the option. If you are considering such a gift, please consult your governing option agreement and advisers.



Tangible Personal Property Gifts

Whether through inheritance, collecting, or investment, you've probably accumulated a lot of personal property. Sometimes these items are inherently valuable; sometimes the value is purely sentimental; sometimes these items are costly to insure or difficult to sell.

A gift to Scouting of art, collectibles (such as stamps or coins), antiques, boats or cars, or other items of personal property may be great alternatives. If the item has appreciated in value, your charitable tax deduction may depend on what the property is, and whether Scouting can actually use it. For example, giving a valuable painting to the local council may produce less of a tax deduction than giving that same painting to a museum.

If the item hasn't appreciated in value, your deduction is the lesser of its current value or your cost basis. Your tax adviser can help you with these decisions. Properly chosen, gifts of personal property can be outstanding gifts for you and the local council.

Remember: before making a gift of personal property, especially one worth more than \$5,000, arrange for an appraisal of the item(s). Appraisal fees may also be tax deductible.



Gifts of Land, Homes, and Farms

Outright Gifts

As property values increase, your real estate holdings may become your most valuable assets. But these assets often carry a high price: property tax and maintenance costs, if held; capital gains tax, if sold. A gift to Scouting of property—residential, rental, vacation homes, farms, commercial, undeveloped, or even land rights such as oil, gas, water, and mineral rights—may offer significant benefits. Generally, outright gifts of real property entitle you to

- Avoid the capital gains tax on any appreciation in value, and
- A charitable income tax deduction based on the fair market value of the property.

Before deciding how to give real property, know (1) the appraised value of the property and (2) your basis and any debts or liens on the property. Also, please discuss your gift with the council so there is a mutual understanding about whether the property will be used by the council, sold, or if there are any environmental concerns.

Example: A donor invested \$20,000 in a piece of land many years ago. It is now worth \$100,000. If he contributes it to his local council, he is entitled to a charitable tax deduction of \$100,000 on his income tax return. He also avoids the \$12,000 in capital gains tax he would owe if he sold the property.

Remember:

- **Land held for more than one year is deductible up to 30 percent of a donor's AGI for the year. If held for less than a year, it is deductible up to 50 percent of AGI for the year, and the deduction is limited to the property's cost basis. The five-year carryover rule applies here as well.**
- **Property with a mortgage or lien usually does not make a good gift. The tax deduction will be reduced by the debt amount, and the donor is also treated as having taken a similar amount into income, regardless of who is responsible for the debt.**

Bargain Sales and Gift/Sales

Gifts of real estate are not all-or-nothing propositions. You may donate a partial interest in the land—or certain land rights—instead of donating the entire property. You receive a deduction based on the appraised value of the interest you donate. When the property is sold, the proceeds are distributed accordingly. This is a *gift/sale* arrangement.



Example: A donor has 10 acres of land worth about \$10,000 an acre. She's not sure she wants to give away the entire property right now. She donates three acres to her local council and gets a tax deduction of \$30,000 right away. When the 10 acres are sold, the council gets three-tenths of the sales proceeds, and the donor gets the other seven-tenths. Often, the donor's tax deduction can offset all the capital gains tax she owes on her part of the proceeds.

Another option is the *bargain sale*. Just like it sounds, the donor sells the property to the council at a bargain; it's part sale, part gift. The council gets a good deal and the donor gets a tax deduction for the difference between the sale price and the value of the property.



Example: A donor has a property worth \$150,000. He wants to help his council, but can't afford to give it all away right now. He sells it to the council for one-third of its value. He gets \$50,000 cash (either all at once or in installments), and a charitable tax deduction for \$100,000 (two-thirds of the value). He only owes capital gains tax on his pro rata share (one-third), and the council gets a valuable property that it owns outright.



Life Estate Gifts

Some people plan to contribute a home, vacation home, or farm to Scouting sometime in the future but, until then, they still want to use the property. A *life estate* helps you do both. A life estate gift is an arrangement that grants Scouting the right to your property after your lifetime, but you retain the right to use and enjoy it for the rest of your life and/or the life of another. If the property is income-producing (e.g., from rent, crops, timber, etc.), you may also keep that income during your lifetime.

Even though Scouting has no right to use or possess the property until after your lifetime, you still receive an immediate income tax deduction for part of the property's value. Also, a life estate gift removes the property from your taxable estate. This could eventually save estate taxes and probate costs as well.



Example: Mr. and Mrs. Donor, both about 70, have a vacation home worth about \$200,000. They use it a few weeks a year and rent it out the rest of the time. They plan to do something for their local council, but don't want to give up their vacation home yet. They make a life estate gift to their council. They continue to use the property just as always; they still get all the rental income; it is no longer in their taxable estate; and they get an immediate income tax deduction for almost half of the property's value. The council cannot use or possess the property until both donors have passed away.

Remember:

- **If you make a life estate gift and later decide you no longer want to use your property, simply transfer your remaining rights in the property to the council. You'll receive additional tax benefits at that time.**
- **The value of a tax deduction for a life estate gift is determined by the value of the land and the age of the life tenants. The older the life tenants, the larger the income tax deduction.**

Life Insurance

Life insurance plays an important role in the estate plans of many people. Though most people have some form of insurance, many of them have policies no longer needed for their original purposes. For example, do you have a policy:

- To provide money for a spouse or children, who no longer need it?
- To cover a mortgage on a home or other property that's now paid off?
- To cover educational expenses that no longer exist?
- To protect a business you no longer own or that has other coverage at this point?

It may be beneficial to donate such policies to Scouting. Also, many donors buy new policies to give to their local council. In general, if you donate a new or existing policy to Scouting, your tax deduction is about equal to the policy's cash surrender value. You can also deduct any annual amounts paid to keep the policy in effect.



Example: A donor has a \$50,000 life insurance policy she no longer needs. It has a cash surrender value of about \$32,000 and she continues to make annual premium payments of \$1,100. If she names the council owner and beneficiary of the policy, she receives a tax deduction of about \$32,000. She also receives a deduction for her annual gifts of \$1,100 to the council to help keep the policy in force.

There are a number of ways you can use life insurance in your charitable gift planning for Scouting:

1. Name your local council primary or secondary beneficiary of an existing policy.
2. Name your council owner and beneficiary of an existing policy.
3. Buy a new policy and contribute it to the council.
4. Buy a policy on the life of someone else and contribute it (for donors who may not qualify personally for affordable coverage).
5. Buy a policy that benefits your heirs to replace a gift to Scouting you've already made.



Example: A donor gives his council property worth \$100,000. However, his children were not excited about losing part of their inheritance. So the donor "replaces" the land with a \$100,000 second-to-die policy naming his children as beneficiaries. He pays for the policy with part of the tax savings he got from his land gift's charitable deduction. The children are happy again.

Remember:

- **Income tax deductions for a gift of insurance vary depending on the type of policy donated. Seek advice from your own adviser and get an appraisal of any existing policies before you donate them.**
- **You receive a tax deduction and remove the value of the policy from your taxable estate only if you name a charity both owner and beneficiary of the policy.**



Income-Producing Gifts

The BSA Charitable Gift Annuity

A charitable gift annuity is a simple contract between a donor and Scouting. In exchange for a gift, Scouting agrees to make payments to the donor or others chosen by the donor. These payments are made for life, to one or two individuals, and guaranteed by the general assets of the Boy Scouts of America. The donor also receives an income tax charitable deduction.

The gift may be of cash, stocks, bonds, or shares in a mutual fund. The minimum gift required to receive a charitable gift annuity from the BSA is only \$2,500. You cannot add to a charitable gift annuity once it is made, but you may enter into as many separate contracts as you wish.

The donor may choose anyone to receive quarterly payments for life, though all beneficiaries must be at least 50 years of age at the time of the contract. Most donors select themselves and/or a spouse to receive the payments.

The annual payout amount depends on the age of the beneficiaries. The older the beneficiary, the larger their payment. As of 2008, the gift annuity rates range from 5.1 percent to 10.5 percent for individual beneficiaries between the ages 50 and 90. Part of each payment is taxable as income (and sometimes capital gain) to the beneficiaries; part of each payment is often tax-free as a partial return of principal. This may increase the effective rate of return, depending on your tax bracket and the cost basis of your gift.



Example: A 70-year-old donor wants to set up a \$10,000 gift annuity; it will pay 6.1 percent. She is considering either a gift of cash or stock (with a basis of \$2,500). The comparison:

	Tax Deduction	Annual Income	Tax-Free Part of Payments
Cash	\$3,800	\$610	64%
Stock	\$3,800	\$610	16%

At the end of the gift annuity term (the lifetime of the payment recipient(s)), the remaining value of the original gift is removed from the gift annuity fund and given to the council chosen by the donor. Charitable gift annuities are handled through the BSA Charitable Gift Annuity Program at the BSA National Council; this relieves local councils from administrative burdens and state filings and fees.

Deferred Gift Annuities

Some donors choose to set up a gift annuity now—to get the income tax deduction now—but defer the start of the payments until a later time. Payments may be deferred for as long as the donor wants and the rates of return are often higher than for non-deferred charitable gift annuities. This strategy may be useful for donors currently in a high income bracket and planning for retirement. Unlike IRAs and other retirement alternatives with maximum contribution limits, there is no limit as to how much you can place in a deferred gift annuity.



Example: A 60-year-old donor sets up a \$50,000 BSA gift annuity but defers the start of the payments until he retires at age 65. He gets an immediate income tax deduction of \$15,150 and will receive \$3,800 a year when he retires. Pleased, he sets up another gift annuity every year for the next five years, receiving immediate income tax deductions for each and ending up with a significant source of extra retirement cash flow.

Remember: though donors may select anyone to receive gift annuity payments, there may be gift tax implications for beneficiaries other than the donor and/or spouse.

Pooled Income Fund

The BSA's Pooled Income Fund can be thought of as a variable payout gift annuity. It represents the gifts of many BSA donors that are managed and invested as a group. It is possible to join in the BSA Pooled Fund with an initial gift of only \$5,000 in cash, stocks, or bonds (additional gifts to the fund only require a minimum of \$1,000). As with other charitable gifts, a donor receives an immediate income tax deduction for the gift and avoids capital gains tax on appreciated securities given to the pooled fund.

Payments are made for one or two lifetimes to anyone chosen by the donor (as long as they are at least 40 years of age at the time of the gift). The payments often vary, depending on the actual investment return of the fund's portfolio. All earnings are distributed quarterly based on the units of participation held by each beneficiary. At the end of a beneficiary's lifetime, the amount of the original gift is removed from the fund and distributed to the donor's council of choice.



Example: A couple, ages 68 and 67, decide to make a \$20,000 gift of highly appreciated stock to the pooled income fund. It has a basis of only \$5,000 and they currently get 2 percent dividend income from the stock. After the gift, they get an income tax deduction of \$6,400. Also, the current fund earnings will more than double their annual cash flow from the stock. They owe no capital gains tax on the stock's appreciation, and they have removed an asset from their taxable estate (possibly saving probate costs and estate tax).

The payments from a pooled fund are taxable as income to the beneficiary. However, pooled funds may also protect against inflation, since the payment will increase as the portfolio income increases. Also, beneficiaries receive payments based on the full value of the gift. This would not be possible if they had sold highly appreciated property, paid the capital gains tax, and had the after-tax proceeds to reinvest.

Remember: as with other income-producing gifts, there may be gift tax implications if income payments go to anyone other than the donor and/or donor's spouse.

Charitable Remainder Trusts

One of the most flexible ways for many people to make a major gift to Scouting is to use a *charitable remainder trust*. Your gift is placed in a trust and the trust sells and reinvests the assets. The trust makes regular payments to you and/or other named beneficiaries that can last either for a specific number of years or for one or two lifetimes. Trusts may be funded with cash, stocks, bonds, land, and even other assets.

The payout rate can be chosen by the donor; and payments are based on the fair market value of the gift placed into the trust. Payments can either be a specific amount per year (annuity trust) or a fixed percentage (unitrust). Trusts with percentage payouts are revalued each year—as the principal grows in value, the annual payment also grows. When the trust ends, the principal goes to the local council chosen by the donor.

Often a local bank or trust company is chosen as trustee for a charitable trust. The donor or other family members may also serve as trustee, but that person should be experienced in handling various financial planning instruments and tax filings. The BSA National Foundation may serve as trustee for trusts funded with \$100,000 or more in cash, stocks, or other securities (if funded with real estate, the property value must be \$250,000 or more).

The timing and rates of payment, investment philosophy, type of income and other details can be tailored to provide a financial planning tool that is creative, fiscally sound, and responsive to your needs. It provides a significant gift to Scouting, so you are entitled to an income tax deduction when you create your trust. It is also a great opportunity to avoid capital gains tax and increase your cash flow by funding the trust with low-yielding, highly appreciated assets.



Example: A donor has highly appreciated land worth \$300,000 (he only paid \$50,000 for it). It is currently generating no income. He places it into a charitable remainder *unitrust* to pay 6 percent annually to him and his spouse for 15 years (there is 2 percent annual principal growth).

The benefits:

Immediate income tax deduction:	\$121,000
Capital gains tax owed upon gift:	0
Total payments over 15 years:	\$307,000
Total gift to the BSA after 15 years:	\$414,000

Remember:

- **In general, the shorter the trust term, or the smaller the annual payout, the larger the deduction.**
- **Since trust property is removed from a donor's estate, this may result in significant savings in estate taxes and/or probate costs at the end of the donor's lifetime.**

Additional Retirement Planning With Charitable Trusts

Most retirement plans, limit how much you can contribute or withdraw in any given year. However, by using a charitable remainder trust as a “retirement alternative,” you may have much more flexibility in your fund contributions, deductions, and cash flow.



Example: A donor, age 55, already has an overfunded IRA but wants to create more retirement cash flow. He decides to set up a charitable unitrust now and add \$50,000 a year in cash and/or stocks to the trust for the next 10 years. He wants a high-growth portfolio (7 percent) until he retires, then wants to rebalance to generate 7 percent a year payout for the rest of his life. The benefits:

Income tax deduction:	\$143,000 over the next 10 years
Capital gains tax owed upon gift:	0
Payments in the first year of retirement:	\$39,200
Estimated total lifetime payments:	\$894,000
Total to the BSA at end of trust:	\$766,000



Charitable Lead Trusts

Some think of a lead trust as a partnership between themselves and a charity. Some see it as a “mirror image” of a charitable remainder trust. To others, it is a loan to charity. But most people agree that the lead trust is a great way to make a significant gift to Scouting using funds that eventually will *return* to you or your loved ones. It’s also a great way to pass assets to your loved ones at very little cost.

In a lead trust, your assets are protected in a trust for a period you choose—either a number of years or measured by someone’s lifetime. During this period, the income is paid to the local council of your choice (and you determine how much income will go to the council). Trust earnings not needed for income are accumulated as part of the trust principal. At the end of the trust, the principal (and any undistributed growth) is distributed either to the donor or to anyone selected by the donor—tax free.

Tax deductions are largely determined by three factors: who eventually receives the principal, the term of the trust, and the annual payout. In general, if the trust returns to the donor, an income tax deduction is available. If the trust goes to someone other than the donor, only a gift tax deduction is available.

Example: (Lead Trust to Donor) A donor just sold her business for \$500,000 in cash. She puts this into a 15-year lead trust paying \$35,000 a year to her council (pays out 7 percent, earns 9 percent). She gets a charitable income tax deduction of more than \$395,000 in the year she creates the trust. Over the next 15 years, the council receives \$525,000 and the trust grows to more than \$750,000 in value. At the end of the trust, the donor receives the \$750,000 principal and growth in the trust.

Example: (Lead Trust to Family) Another donor places an identical gift into a 15-year lead trust, but he wants his children to get what’s in the trust when it ends. (Note: This could trigger some gift tax since it is a non-spousal gift). He gets a charitable gift tax deduction of \$331,000, reducing the potential taxable gift to the children of \$105,000 (\$500,000 minus \$395,000 gift tax deduction). The donor can also reduce any remaining lifetime exclusion by this amount to offset or eliminate the tax. When the trust ends, the children get the \$750,000 principal plus the trust growth.

The lead trust greatly reduces the cost of making a large gift to children. Without the lead trust, this donor may need to leave the children estate assets of more than \$1,500,000 just so they would receive the same \$750,000 (assuming that the donor was in a 50 percent estate tax bracket). Just as important, the council gets a sizeable current gift it can use now for operating, capital, or endowment needs.



Bequests and Revocable Gifts

Wills and Bequests

Do you have a valid will? If so, is it current and does it protect your current family and philanthropic needs? If you said “yes,” congratulations—a current and valid will is the cornerstone of all financial planning. And yet, studies show that at least six out of ten adults in the U.S. do not have a valid will.

Making a charitable bequest in a will is the most familiar and widely used planned gift to benefit Scouting and other charities. This is how many donors choose to establish their legacies, and in a way that remains revocable at any time during their life.

For donors with taxable estates, charitable bequests are completely tax deductible when distributed. There are many types of bequests you can consider, including:

1. General—A designated amount of money, such as \$10,000.
2. Specific—A certain item, such as “my 100 shares of IBM stock,” “my home at 123 Main Street,” “my original Norman Rockwell painting,” etc.
3. Percentage—A designated percentage of your estate, such as 10 percent. This helps protect against inflation reducing the value of your bequest.
4. Residuary—Gives Scouting all or a percentage of anything left after all general and specific bequests are satisfied.
5. Contingent Bequest—Only takes effect if another bequest fails, such as “If my father should predecease me, then this should go to the XYZ Council, BSA.”

Many donors establish “testamentary” charitable trusts in their wills. These are just like the annuity trusts or unitrusts you can create during your life—the only difference is they are funded or created in your will. Also, for donors who use living trusts instead of a will, Scouting and other charities can easily be included in those.

If you already have a will and want to make some simple changes, you can do so with a *codicil*. A codicil is a simple addition or amendment to an existing will. As with wills, codicils involve certain signing formalities and can be revoked or changed during your lifetime. But no matter what your charitable plans. Please make sure you have a valid will, and regularly review it so it meets the changing needs of you and your family.

IRAs and Retirement Plans

Retirement fund assets can be one of the most significant assets left in an estate. Studies show that 90 percent of the people at age 90 still have almost all of their original funding amount in the fund. During the optional withdrawal period for IRAs, only 10 percent to 20 percent of Americans make withdrawals, and during the mandatory withdrawal period (after age 70½), 85 percent to 90 percent of Americans take only the minimum required distribution.

Unfortunately, the gift of an IRA to a child or grandchild—or anyone other than a spouse or charity—can be one of the costliest gifts of all. Retirement funds given to children or grandchildren can be double taxed, or worse. They’re often hit by federal estate taxes, state death taxes, income tax, and generation-skipping taxes. Eighty percent of an IRA could be eaten up by taxes, leaving only 20 percent for your intended beneficiaries.

For many donors, the best tax-wise way to deal with IRAs and other retirement assets estate plans is to name either a spouse or a charity (or both) as survivor beneficiary. Naming your local council as an alternate or contingent beneficiary of your retirement accounts is as simple as requesting a change-of-beneficiary form from your plan administrator. IRAs and other retirement accounts may also be used to fund a charitable trust created in your will (a testamentary trust).



Non-Charitable Gift Planning

Charitable gifts play an important role in the estate planning of many. However, there are other planning strategies that may be combined with these gifts to help preserve your estate for your family and loved ones. These include:

1. *Unlimited Marital Deduction*: The amount that can be given by one U.S. citizen spouse to another, either during life or at death, is unlimited.
2. *Lifetime Exclusion*: There is a lifetime credit available that allows you to “shelter” non-spousal transfers, such as to children, grandchildren, and others. You can use it during your life, you can use it a little bit at a time, or the rest can be used after your life to save estate taxes. These amounts are *per person*, not per couple.

The amount that can be protected from gift and estate taxes changes almost every year. Beginning in 2008, the protected transfer amounts are:

2008	\$2,000,000
2009	\$3,500,000
2010	Unlimited

There are other, special provisions that may increase this lifetime credit for some (e.g., for family-held businesses). As with all planning, discuss this with your own advisers, especially considering the frequent changes in tax legislation.

3. *Annual Exclusion:* An annual exclusion for gifts is also available during your life. As of 2008, you can give \$12,000 each year to as many people as you want. If you are married, your spouse can also give \$12,000 a year to anyone he or she chooses. So couples can pass \$24,000 a year to each child or grandchild (or anyone) without owing gift tax.

These gifts do *not* reduce your lifetime exclusion. For gifts that exceed your annual exclusion, you must either pay gift tax on the excess, or use part of your lifetime exclusion to offset the tax.

4. *Use of QTIP Trusts and Credit Shelter Trusts:* These trusts may help you preserve your assets and provide the flexibility you need in your estate plan. They allow you to place funds in trust, designate the use and beneficiaries of the income and principal, and save taxes in the process.

5. *Four Good Tax Savings Techniques*

- A. Try to itemize your deductions, rather than rely on just your standard deductions. This will help you maximize the amount you can deduct.
- B. If you are in a high tax bracket, try to shift as much fully taxed income (such as dividends and taxable interest) to income that is either tax-free or long-term capital gain.
- C. Try to shift some investment income to family members who are in a tax bracket lower than yours. This can be done either outright or through trusts.
- D. Defer income to years when you're in a lower tax bracket, and take deductions in years when you're in a higher tax bracket; both will be more valuable to you.



National Recognition for Council Endowment Gifts

Encouraging gifts to BSA local council endowment funds is one of the highest priorities of the BSA Foundation. A strong endowment ensures that a council can continue to offer its outstanding programs and grow to meet the needs of its youth and community. To recognize such gifts, the BSA offers four national awards for donors:

The James E. West Fellowship

Membership in the West Fellowship is available for gifts of \$1,000 or more in cash, stocks, or bonds to a council endowment fund. The gift should be in addition to, and not replace or diminish, the donor's annual Friends of Scouting support.

Many individuals and corporations make these gifts on behalf of someone else, such as to honor an Eagle Scout, a Scouter retirement, special accomplishment or anniversary, or in memory of another. Some BSA regions also offer elevated levels of West Fellowship recognition for gifts over the \$1,000 minimum (please ask your council). If an institution is truly "the lengthened shadow of one man," it is fitting that the BSA honor James E. West's significant contributions to Scouting as its first Chief Scout Executive.



The 1910 Society

Membership in the 1910 Society is available to donors who give \$25,000 or more to their council endowments. These gifts can be in the form of cash, securities, land, five-year pledges, or other property easily converted to cash. There are four levels of recognition, in honor of four very special individuals who shaped modern-day Scouting:



1. **Ernest Thompson Seton:** Nationally known artist, naturalist, and author of the first official American Scout handbook and other important Scouting books.
Seton-level membership: \$25,000 minimum gift
2. **Daniel Carter Beard:** First National Court of Honor chairman, first national Scout commissioner, and author of many well-known books and stories for youth.
Beard-level membership: \$100,000 and up
3. **Theodore Roosevelt:** First Chief Scout Citizen, first vice president of the BSA, and president of the United States.
Roosevelt-level membership: \$500,000 and up

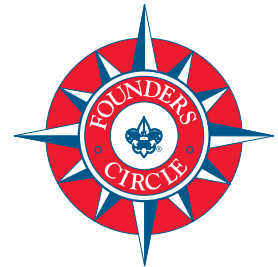
4. **Waite Phillips:** One of the BSA's first benefactors, and donor to the BSA of almost 130,000 acres of land in New Mexico and the heart of Philmont Scout Ranch.

Phillips-level membership: \$1,000,000 and up

A very special level for current endowment gifts and pledges of \$10,000,000 or more is also available (the Gold Waite Phillips Level).

The Founders Circle

The Founders Circle recognizes deferred gifts designated to council endowments. Donors are recognized for gift commitments with a minimum value of \$100,000 and may qualify with gifts of charitable bequests in a will or codicil; charitable trusts (such as unitrusts, annuity trusts, and lead trusts); gift annuities or pooled income fund gifts; life insurance or IRA/retirement plan designations; or other deferred gifts approved by the local council.



There are four levels of membership within the Founders Circle:

- *Bronze:* \$100,000 and up
- *Silver:* \$250,000 and up
- *Gold:* \$500,000 and up
- *Platinum:* \$1,000,000 and up

Scout Philanthropy Society

The newest levels of recognition are offered to donors who make major gifts to—or through—the BSA National Foundation. These gifts may be in the form of outright gifts, advised funds, charitable trusts, or similar gift vehicles and may benefit one or more local councils, or Scouting initiatives of either the BSA Foundation or the Boy Scouts of America. There are four levels of recognition in the Scout Philanthropy Society:

- \$1,000,000 + level (Fifty percent or more must be outright.)
- \$10,000,000 + level (Ten percent or more must be outright.)
- \$25,000,000 + level (Ten percent or more must be outright.)
- \$100,000,000 + level (Ten percent or more must be outright.)

Because of the transformational nature of such gifts, special, individualized recognition is given to these donors, depending on the areas or programs they have chosen to support.



For More Information

To find out more about the many giving opportunities available through Scouting, as well as our other planned giving resources, seminars, consultation, or endowment recognition programs, please contact:

1. Your Scout executive at your local council.
2. The BSA National Foundation at 800-BSA-INFO (800-272-4636).
3. The Foundation's Web site at www.bsafoundation.org.
4. Our charitable gift Web site at www.bsagiftplan.org. (This site includes a Gift Calculator to help you confidentially consider the tax benefits and deductions of numerous types of gifts.)
5. The national endowment counsel serving your region. Your local council can contact them for you, or you may reach them directly at
Northeast: 800-BSA-INFO (800-272-4636)
Southern (Kennesaw, Georgia): 770-421-1601
Central: 800-BSA-INFO (800-272-4636)
Western (Tempe, Arizona): 480-752-7000

If you are unsure which region serves Scouting in your area, your Scout executive will help you contact the appropriate person for your region.



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