



Charitable Giving Options

Thank you for your interest in Charitable Giving to Goodwill Sacramento Valley & Northern Nevada (Goodwill).

Goodwill is dedicated to helping people turn ideas into action through information, planning, civic engagement, and advocacy for human needs. These goals would not be possible without the generous support of you, our members.

There are many different ways in which you can show your support of Goodwill:

- Outright Gifts
- Bequest by Will
- Charitable Remainder Trusts
- Gift of Retirement Plan Assets
- Gift of Life Insurance

Because we appreciate your willingness to give to Goodwill, we want to make your gifting experience as convenient and pleasant as possible. Included in this packet is information on the different gifting options -- everything you need to know to select and implement the one that is right for you.

Making a charitable gift to Goodwill helps us continue our mission to help people with disadvantages achieve self-sufficiency.

Outright Gifts:

Gifts of cash are the easiest and most direct way to give to Goodwill. For those of you who itemize on your federal income tax return, cash gifts are fully deductible. You can make a cash gift to the Goodwill by sending a check or money order made out to “Goodwill” to the following address:

Goodwill Sacramento Valley Northern Nevada
8001 Folsom Blvd
Sacramento, CA 95826

Cash gifts are fully deductible for those individuals who itemize on their federal income tax return. In addition to cash, Goodwill accepts gifts of **vehicles** running or non-running, along with donations of gently used **clothing and household items**.

Goodwill accepts gifts of **stocks, bonds, real estate or other appreciated assets**. Gifts of appreciated assets not only benefit Goodwill, but may also help you avoid paying capital gains tax on the asset’s increased value while giving you a charitable deduction for the market value of the property.

Account number: 27157957

DTC number: 0280

If you have any questions about making an outright gift, please do not hesitate to contact us at 916-395-9000 x273.

Bequest by Will or Trust:

Many members want to remember us in their Will or Trust. If you would like to include us in your Will, you can do so in a number of different ways.

If you want to give us a specific amount or percentage of your estate or a specific asset, please include the following language in your Will or Trust:

“I give (insert amount, percentage, or description of asset here) to Goodwill of Sacramento, California, to be administered in accordance with and subject to the governing instruments of Goodwill.”

If you want to give us your entire estate, or if you want to give us whatever is remaining in your estate after all of your gifts to other individuals and entities have been satisfied, please include the following language in your Will or Trust:

“I give the remainder of my estate, of whatsoever kind and nature, including all property over which I may have a power of appointment at my death, to Goodwill of Sacramento, California, to be administered in accordance with and subject to the governing instruments of Goodwill.”

Not only can you designate the specific amount or item of property you wish to leave us, you can tell us what you wish us to use it for by restricting it for a specific use, (e.g. to support our 2-1-1 call center). If you wish to restrict your gift for a specific purpose, please include the following language in your Will or Trust.

“It is my desire that my bequest be used to (insert desired use here). In the event that it becomes unnecessary, impractical or impossible to utilize my bequest for such a purpose, Goodwill shall have the right to utilize my bequest for such other charitable purposes as the Board of Directors of Goodwill deem appropriate.”

Bequests can be of cash, stocks, bonds, securities, automobiles, real estate or other appreciated assets. Gifts made by Will or by Trust may help to reduce your estate tax liability. Please consult with your tax professional if you have questions regarding the impact of your gift on your tax liability.

If you have any questions about making a bequest to Goodwill in your Will or Trust, please do not hesitate to call us at 916-395-9000 x273.

Charitable Remainder Trusts

A charitable remainder trust is a wonderful way to make an impact on Goodwill and create a reliable payment stream for you and/or the beneficiaries you select.

How Does It Work?

A charitable remainder trust (CRT) is available in a variety of formats and can be funded with a wide range of assets, including securities, cash or real estate. A CRT provides annual payments to you and/or other beneficiaries you designate for life or for a selected term of years. The remainder is then put to use by Goodwill as you direct.

Relief From Taxes

If you establish a CRT, you may be eligible to receive several tax benefits, including a current charitable income tax deduction, a bypass of capital gains tax on appreciated assets, and a reduction in estate taxes. Your tax adviser will help you determine how each of these benefits applies in your specific situation.

Example

Mr. and Mrs. Smith are 69 years old. Together, they fund a charitable remainder unitrust with \$75,000 in appreciated securities.

Based on a 6% unitrust payment, the Smiths will receive in the first year a \$4,500 unitrust payment. In the following years, that amount will change based on the trust's annual value. The unitrust payment will be paid to both of the Smiths while they are both living, then to the survivor for the rest of his or her life.

In addition to their annual payments, the Smiths will be entitled to a charitable income tax deduction of \$26,019.75 in the year they establish their trust.

The money left in the trust after the Smiths have died will support Goodwill in the way the Smiths designated when they set up their trust.

Regular Payments—A Great Way to Supplement Your Income

You and your beneficiaries will receive regular payments from the trust for the entire trust term.

If you establish a charitable remainder annuity trust (CRAT), your annual

payment will be a fixed percentage of the initial value of your trust. Your trust “annuity” payment will not fluctuate from year to year based on market performance, and you will receive a predictable payment stream during the trust term. If you instead establish a charitable remainder unitrust (CRUT), your annual payment will be a fixed percentage of the trust’s principal as it is revalued each year. Thus, your “unitrust” payment will increase when the trust value increases, allowing you to benefit from strong market performance, but will decrease if the trust value decreases.

If you want to fund a trust with a gift of real estate (or other hard-to-sell assets), you might want to establish a special kind of CRUT known as a “Flip” CRUT. Until the trust sells the real estate, your annual payments will comprise only the net income of the trust. After the sale, however, you will begin receiving annual unitrust payments as described above. A “Flip” CRUT can provide a great way to convert unneeded illiquid assets into a regular payment stream for you and a wonderful legacy for Goodwill.

Typically, your CRT annual payment will be made quarterly, but you can decide how often you want to receive your payments when you establish your trust.

Your Legacy for Goodwill

At the end of the trust term, the assets remaining in the trust will be distributed to Goodwill for the purposes you designate. For example, you might direct that the remainder be distributed for Goodwill’s unrestricted use, or to an existing program of your choosing, such as our Jobs+ centers, workforce development or one of our partner nonprofit organizations.

Gift of Retirement Plan Assets

Maximizing a Tax-Free Gift of Retirement Plan Assets

For many, a retirement plan is an important building block for future financial security. Many individuals enjoy significant growth in their accounts over time, comfortably benefiting from years of the assets' tax-deferred growth in an expanding market.

However, if the account is no longer needed as a primary source of retirement income, it may not be exhausted during an individual's lifetime. As a result, any assets remaining in the account when the individual dies will be subject to income and, in some cases, estate taxes.

In some situations, this exposure can result in a combined tax hit of more than 50%, potentially leaving less than half of your plan assets to heirs. Even if your estate is not large enough to be subject to estate tax, and even if your spouse is your account beneficiary (thus avoiding estate tax), income tax will always be owed on the assets when they are withdrawn by an individual beneficiary.

Solving the Tax Dilemma - A "Bequest" of Retirement Plan Assets

Faced with this dilemma, many donors are using their retirement plans to establish special philanthropic legacies. By naming the Goodwill as your retirement plan beneficiary, you will avoid income and estate tax altogether, and 100% of the value of the account will be applied for the benefit of the Goodwill for purposes you designate. You will maximize the impact of each dollar in your plan and your impact on Goodwill.

Making a gift of your retirement assets at the end of your life is easy. You simply need to request a new beneficiary designation form from your plan administrator and add Goodwill as your beneficiary.

You may designate a specific portion or all of your plan assets to benefit Goodwill, or, as is often the case with larger qualified plans, you may wish to establish an endowed scholarship or program that will be administered in perpetuity. For example, if you want to provide funds for Goodwill's unrestricted use, simply complete your form by designating "Goodwill" (tax ID #94-1201202) as your beneficiary. Note that if you are married, your spouse may have to consent to your designation.

Because any designation of your retirement plan for Goodwill needs to fit into

your overall estate plan, we recommend that you consult with your professional advisers before completing your designation.

Gift of Life Insurance

Life insurance is often overlooked and underestimated, yet it can be a valuable and financially efficient way of making a planned gift to Goodwill. A charitable gift of life insurance is a wonderful way to use policies that will not be needed to protect a spouse or child (i.e. policies representing "excess" coverage) to help Goodwill.

The IRC accepts various types of life insurance gifts, including:

- Naming Goodwill as a beneficiary of an existing life insurance policy
- Donating an existing life insurance policy to Goodwill
- Purchasing a new life insurance policy for Goodwill

Donating an Existing Life Insurance Policy to Goodwill

If you have a life insurance policy that does not require additional premium payments (i.e. a "paid-up" policy), you might wish to donate it to Goodwill. By irrevocably assigning ownership of the policy to a qualified nonprofit institution like Goodwill, you make a completed charitable gift. Since the policy no longer belongs to you, you can take an income tax charitable deduction equal to the lesser of the replacement value of the policy or your cost basis in the policy.

A gift of a policy that is not fully paid up would entitle you to an income tax deduction for the lesser of the interpolated terminal reserve (plus the proportionate part of the gross premium last paid before the gift that covers the period extending beyond the date of donation) and your cost basis in the policy. The interpolated terminal reserve is usually slightly more than the cash surrender value of the policy. In both instances, your gift would be deductible up to 50% of your adjusted gross income, with a five-year carryover for any excess.

If you continue to make premium payments on the policy, you will receive a tax deduction for the payments. After your lifetime, the donated policy would be excluded from your estate and be fully deductible for estate tax purposes.

Purchasing a New Policy for Goodwill

You can also decide to purchase a new life insurance policy, designate Goodwill as beneficiary and assign ownership to Goodwill. Whether you make one single premium payment or pay premiums over a number of years, your deduction in the first year will be the gross amount of the premium paid in that year. Payments made in additional years would result in additional income tax deductions.

Naming Goodwill as a Beneficiary of a Life Insurance Policy

You can also name Goodwill as a beneficiary (full or % interest) of a permanent life insurance policy. You would simply do this on the beneficiary designation form provided by your life insurance company. Since you are not irrevocably assigning ownership of the policy to Goodwill, you would not receive a tax deduction for your gift; however, you would receive an estate tax deduction for the amount that would ultimately pass to Goodwill.

Memorial Gifts

Making a gift in memory of your loved one is another valuable way to benefit our community—now and for generations to come. Even at the most sorrowful times in our own lives, making a memorial gift can greatly impact the lives of others. Simply by stating "In lieu of flowers, the family suggests making a donation to Goodwill," you choose to make a lasting tribute to your family member or friend. Memorial gifts are a way for us to honor our loved ones and bring hope in a time of sorrow.

Thank you again for your interest in supporting Goodwill through Planned Giving. Your Legacy will continue to support our mission to help people with disadvantages achieve self-sufficiency.