

Planned Giving Program

The Rancho Bernardo Rotary Club Foundation

*"The future depends on what we do in the present."
-Mahatma Gandhi*

The Rancho Bernardo Rotary Club Foundation, Inc. (RBRCF) was incorporated in 1978 with the specific and primary purposes of operating a foundation exclusively for charitable, cultural, scientific, civic, health and/or educational purposes, primarily for the local community. In addition to the Articles of Incorporation, the RBRCF has a strong set of Bylaws which govern membership, officers, and grant allocations. Every member of the Rotary Club of Rancho Bernardo is a member of the Rancho Bernardo Rotary Club Foundation.

The RBRCF is separate and distinct from The Rotary Foundation of Rotary International, which was founded more than 100 years ago and has spent more than \$4 billion on life-changing, sustainable projects. The mission of The Rotary Foundation of Rotary International is to enable Rotarians to advance world understanding, goodwill, and peace through the improvement of health, the support of education, and the alleviation of poverty. Both The Rotary Foundation and the RBRCF have the highest possible Charity Navigator rating, the world's largest and most utilized non-profit evaluator.

It is easy to see the incredible dedication and caring that members of the Rancho Bernardo Rotary Club have exhibited towards the RBRCF as it strives to embody the Rotary theme of "Service Above Self". Both the financial generosity and the tireless devotion of manhours to support charitable activities have been a hallmark of our club. Since establishment, the RBRCF has supported countless local and international charitable organizations as well as the Rancho Bernardo Rotary Club in their endeavors to support youth programs. For example, in the last 5 years, the RBRCF has provided almost \$250,000 in grants to support charitable organizations as well as scholarships for high school students at local schools. As of January 2021, the balance of funds held by the RBRCF is over \$530,000 and the disciplined allocation process controlled by a very dedicated Board of Trustees as well as prudent investments has allowed for maintenance of our corpus over the years. For more information on RBRCF, including causes we support, visit <https://www.rbrotary.org>.

The RBRCF achieves increases in funding in four principal ways. First, the members of the Rancho Bernardo Rotary Club, each of whom is a member of the RBRCF, have consistently provided very generous donations year over year. Additionally, the RBRCF has conducted various fundraisers over the 42 years since incorporation which have significantly contributed to increases in assets. Third, prudent and conservative investments by our Trustees through our professional financial manager, who is also a club member, have resulted in consistent positive returns. Finally, there have been sporadic gifts bequeathed by donors, both members and non-

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members, who have recognized the importance of contributing assets to an organization like the RBRCF which makes a difference in so many local lives.

Planned Giving

Until now, there has been no formalized planned giving program that will provide increased resources to strengthen and extend our Foundation. Planned giving is the act of making a commitment to give a charitable organization a major gift, over time or at death, as part of the donor's overall financial and estate planning. Estate plan vehicles can get quite complicated. Planned gifts can range from the relatively simple bequest made in a will, to gifts like charitable gift annuities and charitable remainder trusts that provide major gifts to a non-profit while at the same time returning income to the donor. In implementing a Planned Giving program, the RBRCF aims to provide members and others an opportunity to make a difference in people's lives and to always be remembered for their contribution. Carefully established, an estate plan that includes giving can also be of benefit to the giver's family.

Conversations about Planned Giving soon involves technical jargon and the intricacies of tax law. Advice in such important matters is best obtained from your attorney and financial professionals. **The RBRCF does not intend to actively manage planned gifts, but rather offer information regarding alternatives and encourage donors to discuss options with their estate attorney or financial advisors. In fact, the RBRCF specifically will not give tax or legal advice and donors should consult your estate attorney and financial advisor on all tax and legal issues. Additionally, RBRCF will not be managing or monitoring any planned giving instruments, as it will only accept the donation as administered by an attorney, accountant, Executor, Trustee, or donor. In addition, we strongly encourage discussions with family when considering implementation of a Planned Giving program to benefit RBRCF.**

Although RBRCF will not act as administrators or advisors of various instruments for donors use, we have compiled options as described by plannedgiving.com, an authoritative source for planned giving programs. Basic descriptions of several options in developing a planned giving strategy can be found in the second section of this document, "Planned Giving Options".

Incredibly, two thirds of Americans die without making a will. In these cases, the state dictates the disposition of the worldly goods. Imagine what could be accomplished if each of us took the simple first step of Planned Giving and made a will or established a trust that includes RBRCF. Over time, our resources for helping others would be tremendously increased and families would be greatly helped.

The Blue and Gold Society

The Blue and Gold Society is a faithful group of individuals and couples who have expressed their commitment to the mission of the Rancho Bernardo Rotary Club Foundation by remembering us in their will, trust or estate plan. Each of us must decide how to put our

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accumulated assets to work building on what we have accomplished in life. As we all are recipients of those who came before us, we have to ask ourselves what will be our contribution to those who come after? Planned giving allows us to transfer accumulated assets from one generation to the next, thus allowing what we all know as the great work of Rotary to continue. It has also been found that people who participate in legacy or planned giving experience a sense of satisfaction that helps us as we face our mortality. It has been said that as we begin to decide how we want to be remembered after we are gone, we begin to change the way we live today as we more fully embrace Rotary's motto, "Service Above Self".

Once you have made the decision to establish a planned giving gift to the Rancho Bernardo Rotary Club Foundation, we will be very pleased to recognize your dedication and foresight. We encourage donors to let us know of their plans so that we may deliberately plan for the eventual gift and properly recognize you. As previously stated, we also strongly encourage you to discuss this plan with your family. The level or type of gift does not matter. All you have to do to become a member of the Blue and Gold Society is to remember RBRCF in your will, trust, or other testamentary device. We have developed a simple form that the Secretary of the RBRCF will keep on file and use when the time comes to verify the gift and arrange for transfer. This form is provided as Enclosure 1 to this letter.

If you have remembered RBRCF in your will or other estate plans in any way, you are already a member! Simply let us know so that we can properly recognize you with a certificate and appropriate keepsake identifying you as a Blue and Gold member. The Blue and Gold Society will also be holding occasional gatherings of donors and families to recognizing your dedication.

Contact Us

If you have any questions regarding a planned giving program to benefit RBRCF or would like to get started please contact our **Secretary, Charley Crew** at charleycrew@sbcglobal.net or **858-210-2266**. If you have already decided to participate in a planned giving program to benefit RBRCF simply fill out the form at the Enclosure and return it to **Charley Crew, 12226 Kingsgate Square, San Diego, CA 92128**.

Planned Giving Options

Planned gifts, also called legacy gifts or deferred gifts, come in all shapes and sizes and are described below. Below is a sampling of the most common alternatives:

- **Outright Gifts—**

- **Bequests—**A Bequest is a gift made through a will or a living trust. It's the most popular planned gift; the easiest to make; and costs nothing during a donor's lifetime. A Bequest can be included in a new will, or added to an existing will or living trust through a simple amendment called a codicil — often without the expense of hiring a lawyer. A Bequest is usually a set dollar amount or percentage of an estate that goes to a nonprofit after the donor's death. This plan can fit anyone: single, married, childfree or multi-generational, wealthy or not. Often a bequest is simply a set amount or percentage of an estate set aside to make a gift to a nonprofit that you want to continue to support.
- **Appreciated Securities—**Publicly traded Appreciated Securities that a donor has owned for more than one year can be transferred to a nonprofit organization. The nonprofit then sells the securities and uses the proceeds as determined by the Trustees. The donor gets an income tax charitable deduction based on the fair market value of the securities while also avoiding capital gains tax. It's an easy gift to make!
- **Life Insurance—**A donor can designate RBRCF as a Life Insurance policy beneficiary. When the time comes, RBRCF receives the proceeds. This allows the donor to provide a large gift — often more than they'd be able to donate outright. The donor's heirs benefit as well, because policy proceeds distributed to a nonprofit are exempt from estate tax.
- **Real Estate—**Donors whose property will face significant capital gains tax and who do not need (or want) to pass their property on to an heir may find that a planned gift of real estate is good for them. It is also perfect for properties that are tough to maintain or vacation homes no longer wanted. A gift of real estate would remove a large taxable asset from their estate and provide the donor the benefit of receiving an income tax deduction equal to the appraised fair market value of the property, with no capital gains tax due on the transfer. The nonprofit can then sell the gift of real estate or keep it for its own use.
- **Personal Property—**Donors can gift items such as artwork, collectibles, books, equipment, or other items of tangible Personal Property. Most times, a gift will yield them a charitable deduction for the items' fair market value (it must be professionally appraised), with no capital gains liability to the donor or

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organization. The nonprofit can either keep the property, display it, or sell it and use the proceeds.

- **Retirement Plans**—Like a gift of life insurance, a donor can name RBRCF as the beneficiary of a portion or all of his/her IRA, 401(k), or other Retirement Plans. When the donor's estate is settled, the amount designated passes to the nonprofit and the donor's heirs avoid income and estate tax.
- **IRA Rollover (QCD)**—A Charitable IRA Rollover (also referred to as a QCD — a qualified charitable distribution) allows donors 70½ or older to make tax-free IRA charitable rollover gifts of up to \$100,000 per year directly from their Individual Retirement Accounts to eligible nonprofits. The funds must be transferred directly to the charity; withdrawing them first will result in a tax liability. This mechanism may be a good fit for a donor who does not need the additional income.
- **Lifetime Gifts**
 - **Charitable Gift Annuity**— A Charitable Gift Annuity allows the donor to transfer an irrevocable gift of cash or securities to a nonprofit in exchange for a fixed income payment for life. What's more, this gift plan entitles the donor to an immediate charitable income tax deduction. At the end of its term, the Charitable Gift Annuity balance goes to the nonprofit to support its mission. Charitable Gift Annuities are great for donors who want to make a gift but need retirement income now in order to take care of current or anticipated expenses. Typically, this is for conservative donors who are cash conscious or who are concerned about their own or a spouse's needs as they age. Donors who are concerned about their children's retirement may be interested in funding a deferred flexible gift annuity for their children's benefit. A Charitable Gift Annuity would be arranged with your financial adviser to the benefit of RBRCF.
 - **Pooled Income Fund**—With a Pooled Income Fund, a donor's gift is pooled with gifts from other donors who support the same nonprofit, and then invested to pay each donor a quarterly income calculated from their share of the fund. As each participant passes away, the nonprofit receives a gift in the amount of that donor's share of the fund. Donors can avoid capital gains tax by using appreciated assets for their gift. Pooled Income Funds are best suited to philanthropic donors who are "investors."
 - **Charitable Remainder Trust**—A Charitable Remainder Unitrust is a charitable trust that pays a percentage of its principal to the donor and/or other income beneficiaries the donor names for life, for a term of up to 20 years, or for a combination of both. Because it is revalued annually, payments may increase over

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time. The donor receives a charitable income tax deduction for a portion of the value of the assets placed in the trust. After the Charitable Remainder Unitrust terminates, the balance would go to RBRCF. Almost any asset can be used to fund a unitrust, including cash, publicly traded stocks and bonds, closely held stock, partnership interests, and real estate. You can tailor your unitrust to meet many financial or estate planning goals. You can choose to receive income beginning immediately or you can structure the trust and its investments to defer most of your income to a future time (a Flip Unitrust).

- **Charitable Remainder Annuity Trust**—A Charitable Remainder Annuity Trust allows a donor to contribute appreciated assets to the trust, generate a fixed income stream, defer or eliminate gains, and reduce estate taxes. The Charitable Remainder Annuity Trust pays its beneficiaries a fixed amount based on the percentage of the initial value of the assets used to fund the trust. Payments can be made for the beneficiaries’ lifetimes, or for a term of up to 20 years, or for a combination of both. No upfront capital gains tax is applied to contributions of appreciated property to an annuity trust. After the annuity trust terminates the balance or “remainder interest” goes to RBRCF to be used as the Trustees deem appropriate. This vehicle can be attractive if you want to make a major gift while retaining or increasing your income from the assets you contribute. This gift is even more attractive if you hold appreciated stocks or bonds and want to avoid the capital gains cost of a sale.

- **Other Gifts**

- There are other gifts such as a Charitable Lead Trust, Retained Life Estates, and Charitable Bargain Sale that may be appropriate. Potential donors should check with your Financial Advisor and Trust Attorney as to the applicability of these gifts depending on your financial situation.
- Donors can always provide simple cash gifts or gifts provided in memory of a loved one.



Your Goal	Your Gift	Your Method	Your Benefit
Make a gift while leaving more of your estate to your heirs	Gifts of Retirement Assets (e.g., 401-K, IRA)	Name us as the beneficiary of your retirement plan, and pass less-taxed assets to your heirs	Avoid up to 60% income tax on your retirement assets; pass more of your estate to your heirs
Make a gift that costs you nothing during your lifetime	Gifts Through your Will or Trust ("Bequest")	Include a gift of cash, property, or a share of your estate through your will or trust	A gift that does not affect your cash flow, and you can adjust your gift as circumstances change
Make a gift while avoiding capital gains liability	Gifts of Appreciated Securities	Give us appreciated stocks, bonds or mutual funds to sell and use the proceeds	Make a significant gift; receive an immediate income tax deduction; pay no capital gains tax
Make a gift and receive a guaranteed "paycheck" for life	Charitable Gift Annuity	Donate cash or securities in a plan where the remainder comes to us after your passing	Receive higher rate of return tax-advantaged payments for life, charitable tax deduction, and avoid capital gains tax
Make a gift and receive a steady income for life	Charitable Remainder Unitrust, Charitable Remainder Annuity Trust	Share your assets with us in a plan that gives you an income for life and passes us the remainder	Diversify assets, avoid or defer capital gains tax, receive charitable tax deduction, secure often greater income and possible inflation protection
Make a large gift at little cost	Gift of Life Insurance	Donate a life insurance policy you no longer need or name us in an existing one	Take a tax deduction now; take possible future deductions through gifts to pay policy premiums
Plan a future gift in the simplest way possible.	Gift the balance of your account (POD or TOD)	Designate the balance of your bank or brokerage account, retirement plan, annuity or life insurance policy to go to us.	Make an extraordinary contribution that costs you nothing now and is as simple as signing your name.
Make a gift that preserves your assets for your heirs	Charitable Lead Trust	Use appreciating assets to create a trust that will pay us income for a period of years, and then pass the assets back to you or your heirs	Shelter your growing assets and benefit us right away; reduce or eliminate gift and estate tax

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Blue and Gold Society Membership

- Yes, I/we would like to become member(s) of the RBRCF Blue and Gold Society
 This is a JOINT bequest and both spouses should be recognized

Name(s): _____

Address: _____

Date(s) of Birth: Spouse 1 _____ Spouse 2 _____

Telephone: Home _____ Mobile: _____

Email: _____

- I understand that the spending portion of my gift will be applied at the Trustee's discretion.

My bequest will be funded by:

- Will Living Trust Life Insurance Charitable Remainder Trust
 IRA/401(k)/Retirement Plan Other: _____

(Optional) The amount To the RBRCF will be _____ % and/or US\$ _____

- Please do not list my name in any publications or reports.**

Signature _____ Date: _____

Signature _____ Date: _____

***The Rancho Bernardo Rotary Foundation appreciates information about commitments. Your name may be published to inspire others unless you check the box above. We recognize the personal nature of these commitments and assure that the details will be kept confidential.*

Enclosure 1