

Ways to Remember Minnesota Veterinary Medical Foundation In Your Estate Plan



The Rewards of Charitable Giving Design a Plan That Fits Your Needs

As you confront the challenges of the future, the Minnesota Veterinary Medical Foundation knows that your generosity can make all the difference in the future success of the veterinary profession. That is why the Minnesota Veterinary Medical Foundation seeks your support.

But the Minnesota Veterinary Medical Foundation also wants to make sure that your gift fits your family and charitable goals.

How does this happen? Of course, you have the satisfaction that comes from knowing you've made a difference in the lives of others. But in fact, the best gift plans also improve your financial and tax situation, often right away.

There are many ways that your philanthropic giving can blend with your own financial needs and tax planning. This list will allow you to explore the possibilities and opportunities for charitable gift planning.

To design a gift that benefits the people and organizations you care about most, always be sure to obtain the professional counsel of someone that specializes in gift and estate planning. The Minnesota

Veterinary Medical Foundation can work with your advisors to help you plan for tomorrow and receive maximum benefits today.

A Current Will

A Vital Document

Have you put off making or updating your will? Maybe you think it costs too much to make a will. Perhaps you're having a hard time deciding about how to leave your money. Or you may simply have an aversion to confronting your mortality.

Drafting a will may seem like a daunting task at first, until you realize all the good that comes from having a will.

A bequest in your will lets you pass any amount you wish to the Minnesota Veterinary Medical Foundation free of estate tax. You can give cash or specific property, a dollar amount or a percentage of your estate, with restrictions or without.

To make sure your will accomplishes your goals according to your wishes, be sure to obtain professional counsel that specializes in probate and estate planning.

BENEFITS:

- ◆ Lets you provide for your family after your death
- ◆ Allows you to distribute your assets according to your wishes
- ◆ Saves on estate taxes, with proper planning
- ◆ Lets you leave a legacy without giving up assets

A Living Trust

Keep Control of Your Assets

A living trust lets you provide for yourself and your family before and after your death. It has built-in flexibility that can work very well with your overall estate plans, because it allows you to stay in control of your assets.

Like wills, living trusts are fully revocable, so you can change or terminate them at any time during your life. But unlike wills, the terms of a living trust can be put into effect immediately.

You can also arrange a contribution to the Minnesota Veterinary Medical Foundation through a living trust by naming MVMF as the ultimate beneficiary. The method of giving is attractive because you still have complete control of the assets during your lifetime.

BENEFITS:

- ◆ You or a beneficiary receive the income from the trust assets
- ◆ You are in charge, but a professional trustee may do the detail work
- ◆ You name who will ultimately receive the trust remainder
- ◆ The trust assets bypass probate, so the terms are private
- ◆ Assets in the trust are removed from your probate estate, so estate expenses may be less

What to Give

Assets Worth Donating

Any type of asset that you irrevocably donate to a charitable organization like the Minnesota Veterinary Medical Foundation results in a current income tax deduction. But there may be other tax benefits to your contribution, as well.

Giving cash is the simplest method. But if you contribute appreciated securities to the Minnesota Veterinary Medical Foundation, you have the added benefit of owing no tax on the gain.

You can also give tangible personal property (like art objects, prized collections or antiques) and take a deduction for its full fair market value if the gift qualifies under the Federal Tax Exempt Rules.

These are but three types of assets you can donate outright for the Minnesota Veterinary Medical Foundation to receive immediately. Or you can use them to fund a planned gift that gives you lifetime income before MVMF receives the gift.

But there are even more potential benefits if you plan your gift creatively.

BENEFITS:

- ◆ Gifts of cash result in a current income tax deduction
- ◆ Gifts of securities also provide relief from capital gains tax
- ◆ Donations of personal property allow for meaningful gifts
- ◆ All contributions to Minnesota Veterinary Medical Foundation are used to help fulfill the mission of the Foundation

Life Insurance

A Versatile Tool for Many Purposes

When you first obtained your life insurance policies, you obviously felt a need for them. But perhaps you don't need all of that coverage today. Yet you still have those policies. Well, there are a couple of options to explore.

The first option would be that, if you're thinking about a contribution to MVMF, a gift of your life insurance could be a sensible as well as generous course of action.

The second option you have is that you can also use life insurance to replace the value of a different gift. For example, you could donate stock to the Minnesota Veterinary Medical Foundation because of the tax advantages and purchase life insurance to benefit your heirs in the amount they would have received had you left them the stock. However, with life insurance you also receive the additional advantages that life insurance bypasses probate and your heirs will receive the proceeds of your life insurance income tax free.

BENEFITS:

- ◆ Charitable deduction when you name the Minnesota Veterinary Medical Foundation beneficiary and assign MVMF ownership
- ◆ Flexibility through naming Minnesota Veterinary Medical Foundation beneficiary but keeping ownership.
- ◆ Security for your family by naming Minnesota Veterinary Medical Foundation contingent beneficiary
- ◆ Reduction in estate taxes because proceeds are removed from your estate.

Your Retirement Plan Assets

Costly to Inherit

Did you know that your retirement plan assets are facing double taxation? If you leave the assets to your heirs, you'll generate "income in respect of a decedent." So not only is the amount diminished by estate taxes, but the recipient also must pay income taxes on it!

If you can make other provisions for your family, there's a better option for your retirement plan assets — a charitable gift.

To implement your wishes, simply advise the plan administrator of your decision and sign whatever form is required. For an IRA or Keogh plan you administer personally, notify the custodian in writing and keep a copy with your valuable papers.

BENEFITS:

- ◆ Naming the Minnesota Veterinary Medical Foundation the primary beneficiary avoids all income and estate tax
- ◆ Partial savings when you give Minnesota Veterinary Medical Foundation a specific amount before giving family the remainder
- ◆ Naming Minnesota Veterinary Medical Foundation the contingent beneficiary may also allow for greater flexibility in regards to estate taxes.
- ◆ Donating retirement plan assets could be the most cost-effective gift you can make

Real Estate

A Tax-Wise Gift

Are you thinking of selling land or a building? Beware of capital gains tax! If you sell your primary residence, you can exclude a certain amount of the gain. But this tax break doesn't apply to other types of real estate, so you may have a better alternative.

A charitable contribution of real estate — whether it's your personal residence, a vacation home, a farm, commercial real estate or vacation land — will give you numerous advantages.

When you give your home or other real estate to Minnesota Veterinary Medical Foundation, you create an enduring testimonial of your interest in MVMF's mission. And what's more, your personal satisfaction is complemented by valuable tax benefits.

BENEFITS:

- ◆ Income tax charitable deduction for the full fair market value
- ◆ Avoidance of the tax on the property's appreciation
- ◆ No hassle from trying to sell the property
- ◆ No gift tax, plus a reduction of your taxable estate

Retained Life Estate

An Option That Lets You Have It Both Ways

Let's assume you like the tax advantages that a charitable gift of real estate would offer, but you want to continue living in your personal residence for your lifetime. Did you realize you can give the Minnesota Veterinary Medical Foundation your home, even though you continue living there?

It's true. It's called retained life estate.

A gift of your home, farm, vacation home or condominium, even with stipulations about occupancy, results in a charitable deduction of your income tax.

The retained life estate may also provide you with a way to let someone other than you or your spouse (perhaps a sibling or child) have life occupancy of your home with reduced tax obligations.

BENEFITS:

- ◆ Lifetime use of the residence for you and/or another person
- ◆ Income tax savings through charitable deduction
- ◆ Estate tax savings for you and/or another person (if the other person is your spouse)
- ◆ Ability to gift only partial interest in property and receive tax advantages.

Closely Held Stock

Make a Gift; Maintain Control

If you own a sizable block of stock in a closely held corporation, you may have a gift option that makes everyone happy.

Suppose you decide to donate some shares (few enough that you retain 50% ownership) to Minnesota Veterinary Medical Foundation. Then MVMF presents the stock to your corporation for redemption. Your corporation uses retained earnings for the purchase.

Minnesota Veterinary Medical Foundation wins because they receive much-needed funds. But you and your corporation also win.

There's one caveat: the IRS has ruled that you cannot legally bind a charitable organization to go through with the redemption at the time it receives the shares. But a charitable organization may independently offer the donated stock for redemption.

BENEFITS:

- ◆ Income tax deduction for the charitable contribution
- ◆ No capital gains tax on the appreciation in value
- ◆ Reduction of retained earnings reduces exposure to accumulated earnings tax
- ◆ You maintain control of the corporation

Charitable Remainder Annuity Trust

A Gift with Predictable Benefits to You

If you're disappointed in the yield from your current investments in the stock and bond markets, yet you want to avoid the capital gains tax should you sell, try a charitable remainder annuity trust.

This plan will pay you, year after year, the same dollar amount you choose at the outset. The income payments are fixed — based on the starting valuation. Then after your lifetime (and the lifetime of a surviving beneficiary, if desired), the trust remainder is available to support the Minnesota Veterinary Medical Foundation mission.

The charitable remainder annuity trust is more than an eventual gift to the Minnesota Veterinary Medical Foundation. It lets you give away the tree and still keep the fruit, because you receive an increased income from your donation.

BENEFITS:

- ◆ A fixed dollar income paid annually, semiannually or quarterly
- ◆ Immediate charitable deduction
- ◆ A way to increase income from a low-yield holding
- ◆ Freedom from investment management
- ◆ Avoidance of capital gains tax on appreciated assets used to fund the trust

Charitable Remainder Unitrust

A Gift with Built-in Flexibility

A charitable remainder unitrust is like a combination of a gift and an investment plan. You place assets in trust and you (and/or another beneficiary) receive lifetime income from them, then Minnesota Veterinary Medical Foundation receives the remainder.

With a unitrust, the amount you receive as income is a set percentage of the value of the trust assets, re-determined annually.

You also have the option of choosing one of five variations of unitrusts. A unitrust with a net income plus makeup provision, for example, pays only the actual trust yield, even if it is below the stated percentage. Then in later years, when performance is better, those deficiencies are made up.

This option is excellent for devising a supplemental retirement plan.

BENEFITS:

- ◆ Lifetime income (often greater than your previous yield)
- ◆ A sizable income tax charitable deduction
- ◆ Avoidance of capital gains tax if you donate appreciated securities
- ◆ Professional management of the assets frees you from investment responsibilities

Charitable Lead Trust

Preserve an Inheritance

Are you concerned about the possibility of the government taking a huge part of the assets you were planning to leave your heirs?

There's a way to pass assets to your family with significant estate tax savings while at the same time making a gift to Minnesota Veterinary Medical Foundation. It's called a charitable lead trust.

After Minnesota Veterinary Medical Foundation receives income from assets in the trust for a period of years, the principal goes to your family, with estate or gift taxes usually reduced or even eliminated.

The lead trust is an exceptional way to transfer property to your children or other heirs at minimal tax cost. It's ideal if you're willing to forgo investment income on an asset but don't want to force your heirs to surrender the principal.

With a lead trust, you carry out your philanthropic plans over the coming years *and* save on taxes.

BENEFITS:

- ◆ Can be funded during your lifetime or through your will
- ◆ You support Minnesota Veterinary Medical Foundation mission through annual income payouts
- ◆ Reduces your taxable estate and potential gift taxes
- ◆ Assets can be kept in the family

Charitable Gift Annuity

Boost Your Rate of Return

The concept of a gift annuity is simple. You donate assets that Minnesota Veterinary Medical Foundation reinvests, which immediately becomes general assets for use by MVMF. The Minnesota Veterinary Medical Foundation agrees to pay you fixed payments for life (and, if desired, for another beneficiary's lifetime).

A charitable gift annuity is particularly attractive because they offer reduced risk and liquidity while still maintaining a competitive income.

And when these aspects are combined with the income being partially tax-free, the effective rate of return is even higher.

BENEFITS:

- ◆ Lifetime payments for yourself and possibly another person
- ◆ Charitable deduction for a portion of the value of the gift
- ◆ Part of the annual income is considered a tax-free return of capital
- ◆ Capital gains tax savings when you contribute appreciated securities

Important Notes

These suggestions are a starting point for you to think about some possibilities for you to both care for your family and remember your favorite charities in your estate. Your plan will depend on what you and your financial advisors decide is best for your personal situation.

You may decide on a combination of the above suggestions—for instance, you may leave a percentage of your estate in cash outright to your heirs, and another percentage in a Charitable Remainder Trust.

If you have questions about including MVMF in your will, please contact MVMF at 651-645-7533.

Sjoberg and Tebelius law firm is Minnesota Veterinary Medical Foundation's counsel for estate planning. They are pleased to assist anyone with questions. Please contact:

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