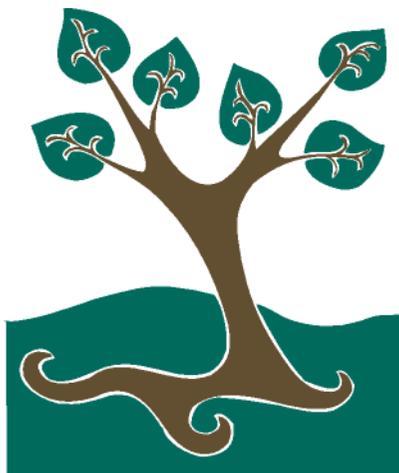


"...as my fathers planted  
for me before I was born,  
so do I plant for those who  
will come after me."

-Talmud

GUIDE  
TO  
PLANNED CHARITABLE GIVING  
AND  
ENDOWMENTS



THE JEWISH COMMUNITY FOUNDATION  
OF CENTRAL PENNSYLVANIA  
GUIDE TO PLANNED GIVING AND ENDOWMENTS

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## INTRODUCTION

### THE JEWISH COMMUNITY FOUNDATION, OUR LIFELINE TO THE FUTURE

The United Jewish Community of Greater Harrisburg was established in 1940. It is the forerunner of today's Jewish Federation and Jewish Community Foundation.

If you are Jewish and live in the Greater Harrisburg area, the Federation touches your life, your welfare, and your family's future. We benefit daily from the central role that the Federation plays in our communal life.

**THE FOUNDATION PROVIDES FOR OUR FUTURE.** Its role is to assure the continuity of our community institutions and the provision of vital programs and services.

In addition, because of the Foundation:

- \* An unrestricted endowment is available to the community for emergency needs.
- \* Charitable organizations and projects throughout the United States and in Israel are supported.
- \* Our institutions adapt through Foundation grants to new programs and agencies which are given an opportunity to demonstrate their effectiveness.
- \* Special needs of community members can be met through designated endowments. Aid to the handicapped or the elderly, scholarships for students, and many other social needs for which funding is not available may be endowed.

The Jewish community must be sustained by its members. To be stable, the community must be self supporting and must have long term financial security. The Foundation creates the charitable structures through which this is accomplished.

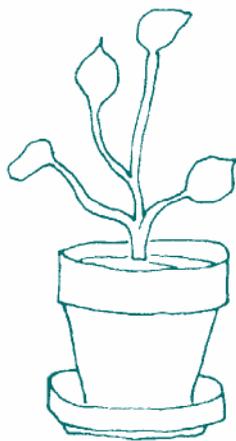
The Jewish Community Foundation is, indeed, our community's lifeline into the future.

## THE WISDOM OF CAREFUL PLANNING

This guide was prepared by the Foundation for your use. It presents some of the methods by which your gifts, bequests and endowments may serve the Jewish community. In addition, it shows how you can improve your estate-planning and strengthen your tax position while carrying out your philanthropic goals. Donors of modest means as well as donors of ample means may participate in the Foundation to the substantial advantage of themselves and the community.

A number of tax-saving gift and endowment ideas are suggested. Each may be tailored to your individual financial circumstances and philanthropic interests. These ideas are not intended to be specific legal or estate planning advice. The Foundation Board recommends that you consult your own advisors to determine how this information may best apply to your personal circumstances.

Foundation representatives are ready to meet with you and your advisors. Your inquiries are welcome and will be promptly and fully answered. All consultations will be held strictly confidential.



## PLANNED GIFTS

Planned gifts may be classified under three general categories:

### LIFETIME GIFTS

Lifetime gifts may take the following forms:

- cash or cash equivalents
- publicly traded or closely held securities
- Israel bonds, corporate bonds, zero coupon bonds
- real property or personal property
- partial interests, remainder interests and notes receivable

Lifetime gifts enjoy multiple tax deductions. You may take an immediate charitable deduction from income taxes, and the assets contributed are excluded from your estate for estate tax purposes. Appreciated assets gifted are not subject to capital gains tax either by you or when sold by the Foundation.

### DEFERRED GIFTS

Deferred gifts are lifetime gifts that will mature or come to fruition at a later time. Deferred gifts may take the following forms:

- [A charitable remainder trust](#) - a trust from which you or another designated person receives a lifetime income. Thereafter, the community receives the remaining trust assets.
- [A charitable gift annuity](#) - a lifetime income is provided by the Foundation in return for your charitable gift.

The amount of the income depends upon your age. Typically, the annual income from a CRT and a CGA is substantially higher than commercial annuities or fixed income investments. The income may be partially tax-free, resulting in an even higher effective rate.

- [Life-insurance policy](#) - you may either assign an existing policy or take out a new policy for the benefit of the Jewish community. Both the value of the policy and the payment of future premiums is tax deductible.

- [Real estate subject to a remainder interest](#) – you may contribute a residence and retain the right to live in it for your lifetime.
- [Charitable lead trust](#) – a trust which provides the community with an income for a stated period. Thereafter, the trust assets pass back to you or to your heirs .
- [Assignment of retirement benefits](#) - It is particularly advantageous to assign retirement accounts to the Foundation, as they will be highly taxed when received by your heirs. Assigning them to the Foundation avoids all taxation.

Deferred gifts also provide multiple tax deductions. [The income tax deduction](#) is the present value of the future charitable remainder, which depends upon the vehicle selected and the manner in which it is structured. Appreciated assets used for deferred gifts [are not subject to capital gains tax](#). The assets contributed may also be excluded from your estate for estate tax purposes.

## AFTER DEATH OR TESTAMENTARY GIFTS

You may give upon death anything that could have been given during your life through a simple bequest in a will or trust. Such charitable bequests [are excluded in their entirety from your estate for estate tax purposes](#).

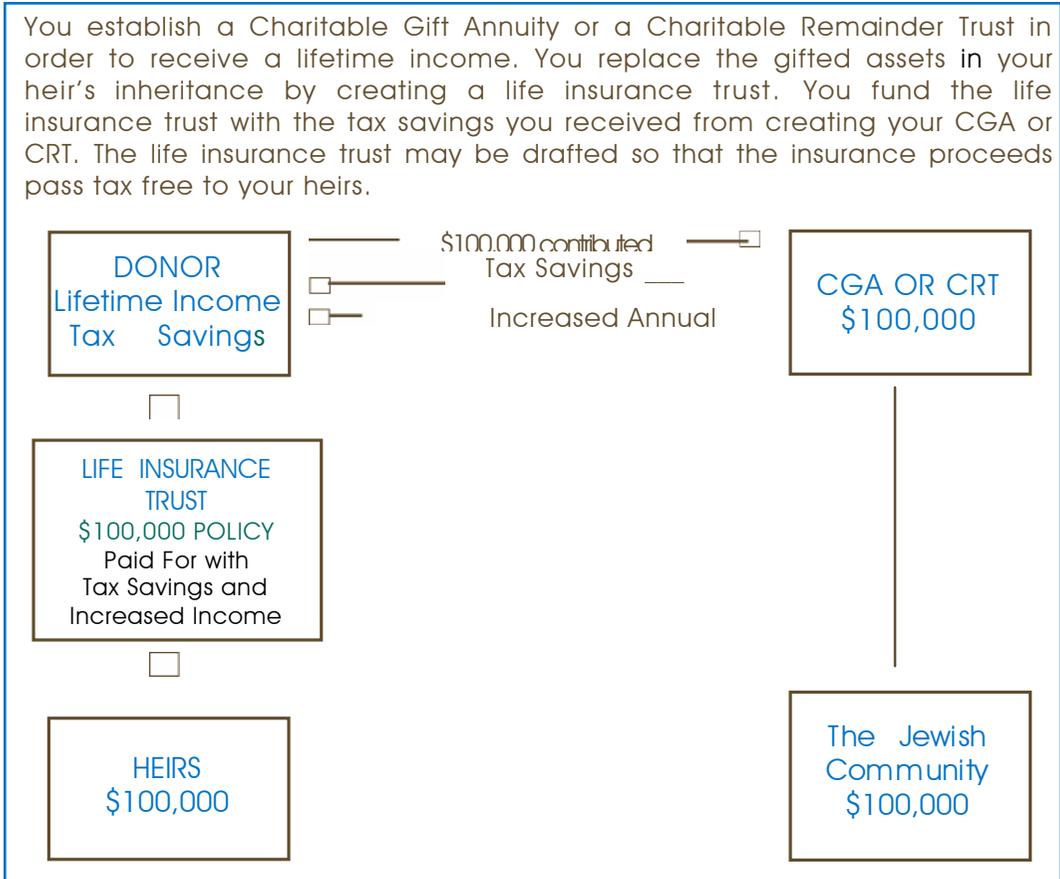
You may also create a testamentary charitable lead or remainder trust in your will to support heirs, which will [reduce the tax cost of transferring assets to heirs](#).

You may name the Foundation as “residuary beneficiary” or as an “alternative contingent beneficiary” in case any of the primary beneficiaries predecease you.

THE FOUNDATION STAFF OR YOUR OWN ADVISORS CAN EXPLAIN HOW PLANNED CHARITABLE GIVING CAN BE HIGHLY ADVANTAGEOUS IN TAX AND ESTATE PLANNING.

AN EXAMPLE:

The following is an illustration of how carefully structured planned giving can provide benefits to you, to your heirs and to the Jewish community.



As can be seen, this planned gift results in a **WIN-WIN-WIN** situation.

**You receive** a high lifetime income.

**Your heirs receive** life insurance proceeds.

**The community receives** a charitable gift.

This, and many other favorable estate planning results, may be achieved by wise planned giving.

## CHARITABLE STRUCTURES

Each of the planned gifts previously mentioned may be used to establish either an endowment or a fund. Both endowments and funds may be established to support any Jewish community agency, organization, activity, service, program or project that you wish.

**ENDOWMENTS** are charitable structures that distribute only the income generated by their principal. The principal itself is not invaded. An endowment is perpetual and provides ongoing support that may be relied upon each year. It is with these permanent endowments that the community's future is secured.

**FUNDS** are charitable structures that are not limited to distributing only income. A fund may also distribute principal in support of its purpose. Therefore, the assets of a fund may increase and decrease.

Both endowments and funds are needed. Which one to establish depends upon the designated purpose being supported. Some purposes are ongoing and permanent, and therefore must be endowed. Other purposes are temporary or time limited, and therefore a fund with fluctuating assets will suffice for their needs.

Any endowment or fund created may be individually tailored to your wishes and the financial resources available. It may also be named as you desire, including in honor or in memory of a loved one.

All Endowments and Funds fall into one of the following three categories:

### UNRESTRICTED

**The general unrestricted fund.** A general collective fund which is not donor designated for use. This fund distributes its assets as determined by the Foundation Board.

**A named unrestricted endowment or fund.** An individual endowment or fund which is not predesignated for use. It is used for similar purposes as the general unrestricted fund. However, it may be named by you and all grants are made in its name.

Unrestricted endowments and funds offer the community the greatest flexibility in meeting emergencies and for addressing special needs as they arise.

## RESTRICTED

**A designated endowment or fund.** An endowment or fund used strictly in accordance with purposes that you designate at its inception. Purposes may include any charitable activity or the support of a charitable organization. The purposes selected may be as broad or as narrow as you wish. Examples include:

- Support of an organization such as the JCC, JFS, a senior citizen's facility, a Jewish school, a Synagogue.
  - Support of a program or activity such as scholarships, summer camp, or kosher meals on wheels.
  - Support of a field of interest such as services to seniors, children at risk, early childhood education.
  - Any worthy purpose you wish to support.

**An annual campaign endowment.** A designated endowment whose sole purpose is to perpetuate your annual campaign gift when you are no longer capable of contributing each year. This is known as a PACE (perpetual annual campaign endowment) or a LOJE (a PACE at the Lion of Judah level).

## DONOR ADVISED

Grantmaking funds that support a broad range of charitable organizations throughout the United States and Israel. Recipient organizations must be tax exempt and must have purposes that fall within the broad range of Jewish philanthropic values. They need not be Jewish and need not be local. These funds may provide for the substantial involvement of your spouse and children.

**A philanthropic fund.** A "donor advised" fund into which charitable contributions are made and from which grants are distributed. You recommend the distributions to be made. All distributions are made in the name of your fund.

**A Supporting Foundation.** A separately incorporated Foundation whose board has complete control over the management, investment and distribution of its assets. It has its own tax exempt status as a “public charity” because it has a specifically defined relationship with the Jewish Federation. You and your family may serve on the Board of Directors.

The advantages of a Supporting Foundation over a Private Foundation are substantial. They include tax savings, increased contribution limits, less operating restrictions, relief from paperwork and reduced federal filing requirements.

A Supporting Foundation is preferable for a philanthropist who devotes a substantial amount of assets to charity and who wishes to be identified with the Jewish Community.

#### *Tale of a Charitable Endowment*

*Chaim Yankel had an estate of \$2,000,000 which would be subject to estate tax of approximately \$225,500. Before he died, he drew up a will in which he left \$1,000,000 to friends and relatives and \$1,000,000 to the Jewish Community Foundation.*

*When Chaim died, his estate paid no estate taxes.*

*The Foundation established the Chaim Yankel Memorial Fund, an endowment for the entire Jewish community.*

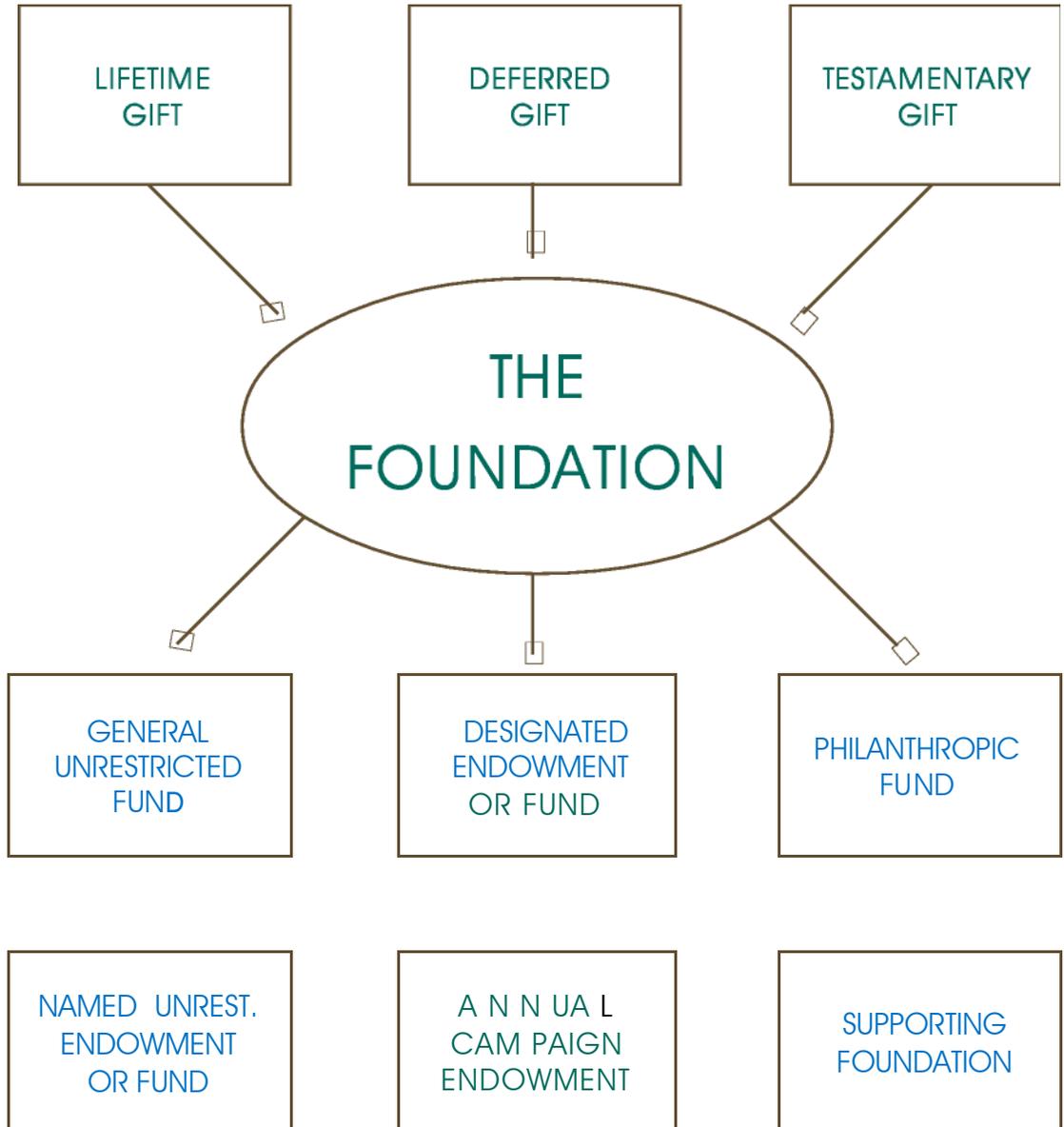
*Chaim designated the use of this endowment as follows:*

- One half of the income to be used for scholarships for children to get a Jewish education.*
- The other half of the income to be given to the Federation annual campaign in order to continue his annual pledge each year.*

*The result is that Chaim’s vision, philanthropy and community leadership will live on in perpetuity. He will continue to be recognized as a community leader long after he is gone. And many more children will be able to attend the Yeshiva Academy each year.*

## SUMMARY

As can be seen, the possibilities are numerous. There are many advantageous ways to make a planned charitable gift, and a broad array of endowments, funds and foundations that the Jewish Community Foundation can create to carry out your wishes.

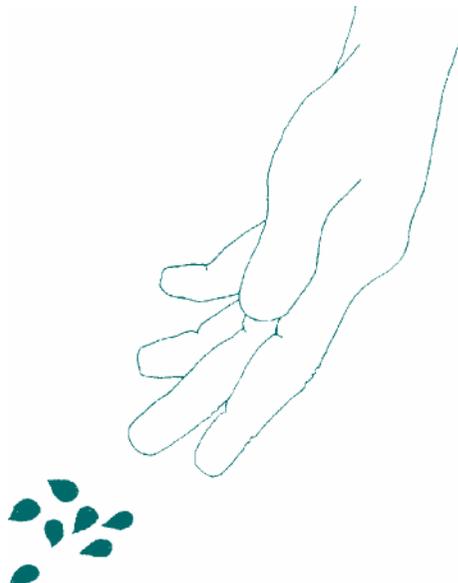


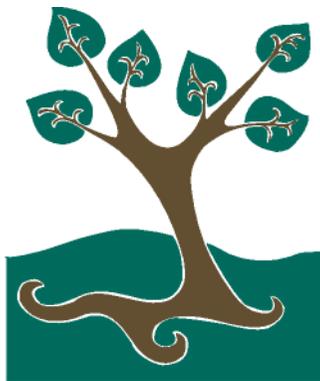
*A parable...*

*A talmudic tale describes a young Rabbi who saw an old man planting a carob tree. He thought to himself: That tree will take 30 years to mature and bear fruit. Surely this old man will not be here to enjoy the fruit of his tree.*

*Then the young Rabbi lay down and fell asleep. When he awakened, the tree had become full grown, and what appeared to be the same old man was picking fruit from its branches.*

*Confused, he spoke to the old man. "Only yesterday I saw you planting this tree, how can it be that it is now fully grown?" "Ah no," was the answer. "You didn't see me. It was my grandfather who planted it."*





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