Bridgton Public Library
PLANNED GIVING

YOU CAN MAKE A DIFFERENCE to Bridgton Public Library's future by including BPL as a beneficiary of your estate.

There are a number of ways in which you can provide a legacy to the library, and each offers unique tax savings features. As you know, gifts to BPL are fully deductible for tax purposes. We encourage you to discuss your estate planning with your accountant or other professional advisor. The following are brief highlights of five different Planned Giving vehicles. Methods of gift valuation, technical details and the library's gift acceptance policy under each option will be furnished upon request.

Here are some of the more popular planned giving options:

- Bequests
- Charitable Remainder Trusts
- Life Insurance
- Retained Life Estate

Bequests: You name BPL in your will as a beneficiary. Bequeathed gifts may be cash, securities or real property. Here is sample language: "I give to the Bridgton Public Library, a Maine non-profit organization with its principal office in Bridgton, Maine, $ _________ to be used for its general purposes." If your gift exceeds $5000 it can be designated as a "restricted gift" for a specific purpose.

Charitable Remainder Trusts (CRAT): You give appreciated securities, in trust, to BPL and receive a lifetime income which may be directed to your named beneficiary. At your death or your beneficiary's death, the principal in the trust becomes the property of BPL. The minimum amount for a Bridgton Library CRAT is $100,000. (Remainder Trusts are sometimes funded by IRAs and Pension Plan Assets).

Life Insurance: You buy a life insurance policy on your life and name the Bridgton Public Library as primary beneficiary and irrevocable owner of the policy. You may wish to also contribute future premium payments.

Retained Life Estate (Remainder Interest in Property): You deed a property to BPL, but reserve a life estate to the property. With this instrument you are guaranteed the right to live on the property for as long as you or your designee may wish.

Additional information and the library's gift acceptance policy are available upon request.

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The following information would be reserved for follow-up information with a person who has indicated an interest in pursuing a planned gift for BPL and it is not intended for inclusion in a general lit piece.

ADDENDUM

Gift Annuities

A Gift Annuity (also referred to as a "Charitable Gift Annuity" (CGA) is a contract (not a "trust"), under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money (payment) to one or two individuals, for their lifetime, not a term of years, except in the instance of the "College (Tuition) Annuity" described below.

A person who receives payments is called an "annuitant" or "beneficiary". The fixed payments (called the "annuity") are fixed and unchanged for the term of the contract. The annuity payments are NOT called "income", for a portion of the payments are considered to be a partial tax-free return of the donor's gift, which are spread "ratably" (in equal payments) over the life expectancy of the annuitant(s).

The contributed property (the gift), given irrevocably, becomes a part of the charity's assets, and the payments are a general obligation of the charity. The annuity is backed by the charity's entire assets, not just by the property contributed. Unlike a trust, annuity payments continue for the life/lives of the annuitant(s), and not ONLY as long as assets remain in the Gift Annuity Fund.

While the charity MAY spend a portion of the contribution immediately, it MUST maintain sufficient "reserves" (as determined by state laws) to meet annuity obligations AND satisfy regulatory requirements of each state in which the charity issues Gift Annuities.

The charity may sub-contract the administration of a CGA to a 3rd party under a "re-insurance" arrangement.

Versions of Agreements

Generally, there are three "versions" of each "type" of agreement. The "versions" are:

1) A "single life" agreement (pay only one person for their lifetime),

2) A "two lives in succession" agreement (pay person "A" and then if person "B" survives person "A", pay person "B"), and

3) A "joint and survivor" agreement (pay two persons simultaneously with both names on the annuity payment check, each getting half of the payment, and at the demise of the first to die, pay the survivor

the full annuity amount) This is used for married couples who file joint tax returns and/or who live in community property states.

And, the Types of Agreements are:

Immediate Gift Annuity

With an Immediate Gift Annuity, the annuitant(s) start(s) receiving payments at the end (or the beginning) of the payment period immediately following the contribution. Payments can be made monthly, quarterly, semi-annually or annually. The most common arrangement is quarterly payments at the end of the quarter. The annual annuity is determined by multiplying the amount contributed (measured as the fair market value on the gift date, NOT the net proceeds of sale if CGA is funded with securities) by the annuity rate.

Deferred Gift Annuity

With a Deferred Payment Gift Annuity (DPGA), the annuitant(s) start(s) receiving payments at a future time, the date chosen by the donor, which must be MORE than one year after the date of the contribution. As with Immediate Gift Annuities, payments can be made monthly, quarterly, semi-annually or annually.

Tuition (College) Annuity

A Tuition Annuity (aka "College Annuity") is a single-life deferred payment gift annuity created usually by a parent or grandparent for a young child, with the donor deferring the payments until age 18, or when the child is expected to enter college. The child (annuitant) then has the option of accepting the annuity payments for his/her lifetime, or, if elected before the payments start, the child can elect to receive much larger payments (known as the "commuted value"); for a term of four or five years, as spelled out in the annuity agreement, at which time the payments end.

Flexible Annuity

A Flexible (Deferred Payment) Gift Annuity means that the donor does NOT have to choose the payment starting date at the time of the contribution. The annuitant (who may or may not be the donor) may make that choice of the payment starting date based on his/her retirement date or other considerations. The older the annuitant(s) when the payments start, the larger the payments will be.

This concept provides some of the flexibility offered by commercial annuities sold by commercial insurance companies. The donor would choose an initial "target date" for the payments to start. The charity would then offer a range of payouts with differing fixed payment amounts and differing starting dates based on earlier or later years.

Since the charitable deduction remains fixed, the annuity rate for each starting date would have to change. The payments would be lower if the starting date was earlier and higher if the starting date was later. Each annuitant would have to determine on an annual basis whether or not they wish the annuity payments to start that year.

On Line Resources re: Planned Giving

Planned Giving Resources
http://www.pgresources.com/

Maine Community Foundation
http://pcalc.ptec.com/hosts/980458552/CRAT/advanced.html

Planned Giving Design Center
http://www.pgdc.com/introduction-pgdc