

# **Planned Giving & The Saxton B. Little Free Library**

## **Leave a Legacy**

***Because a Library is more than  
just a building***



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# Saxton B. Little Free Library and Planned Giving



The Columbia Free Library began as a result of the generosity of town residents 128 years ago. Columbia citizens campaigned for a library at a town meeting held on December 12, 1882. One year, almost to the day, a free public library was opened in a building built by residents of the town.

The Saxton B. Little Free Library could not exist without the support we receive from our community. In support of the library's mission, we continue to seek private sector contributions. Beyond annual giving toward the expenses of our library's operation and outreach, there are other charitable gifting strategies that the Saxton B. Little supporters may wish to consider.

What is **Planned Giving**?

**Planned Giving** includes gifts to the Saxton B. Little Library Fund through your will or living trust, your pension or IRA, a life insurance policy, gifts of real estate or other appreciated assets, an endowment or charitable trust. Using a planned giving vehicle can combine your estate planning, financial and philanthropic objectives.

**Planned Giving** provides a way for you to make a gift to Saxton B. Little Library Fund and at the same time receive a charitable income tax deduction or reduce estate taxes. It is a way to secure your financial future while helping to insure a promising future for the library. Many of our valued donors have found that planned giving allows them to make a much more substantial gift than they would have ever thought possible in their lifetime.

**Planned Giving** is an individualized process. The specific benefits of a planned gift are influenced by a number of variables such as the donor's age, income tax bracket, size of the gift, etc. Whatever you decide to do, the gift you make will be a reflection of your own needs, interests and situation.

Advice from legal and tax counsel should be sought when considering a charitable gift of any type.

## **How to Proceed :**

### **Organize your thoughts, feelings and Information**

#### *Step 1: Learn about your options for estate planning.*

This packet can provide you some information and direction for ways to think about your situation. Consider what you would like to leave as a legacy. Identify who you wish to designate as beneficiaries and what you would want to give to each.

Identify people and causes you'd like to benefit through your will or estate plan. Consider family, friends and organizations. A beneficiary may be an individual or an organization, such as the Library.

#### *Step 2: Organized your assets.*

Don't underestimate the value of making lists of your assets, noting account numbers and financial details. This can help you and your family be organized and help if you seek outside assistance.

#### *Step 3: Meet with an attorney and/or other financial planner.*

Meeting with a professional is not required, however, it can help you assure that your intentions are followed.

#### *Step 4: Set up your plan*

At minimum, make your will and set up any other planned giving or charitable income tax deductions.

#### *Step 5: Share your intentions with your loved ones, your executor.*

Notify the appropriate parties about your wishes and forward documentation to them. Make your plan clear and be sure it is updated and followed each year.

## **Why give to the Saxton B. Little Library?**

A planned gift to the Saxton B. Little Library allows you to direct your resources in a way that expresses your values.

Libraries are a fundamental part of our lives. We remember them from our childhood as warm places full of stories and books. We turn to them as adults to educate ourselves about the world. We introduce them with pride to the children in our lives.

The Library is a place of curiosity and learning during happy times, and a haven where we can connect during times of difficulty.

The library is here for all of us, whenever we need it. You can help secure that our library will continue to thrive for the next generation by making a planned gift to the Library. You can leave lasting support for the Columbia community by naming us in your will, designating the library as a beneficiary in your retirement account, or making a gift that provides you with income during your lifetime.

By establishing a charitable giving fund, you will build long-term, enduring assets for the future of the community and receive the benefits of our community.

## A basic step: A Will

Some people mistakenly believe that unless they possess great wealth they don't need a will. This is far from the truth.

In Connecticut, if you die without a will, your property will be distributed according to state "intestacy" laws. Connecticut's intestacy law gives your property to your closest relatives, beginning with your spouse and children. If you have neither a spouse nor children, your grandchildren or your parents will get your property. This list continues with increasingly distant relatives, including siblings, grandparents, aunts and uncles, cousins, and your spouse's relatives. If the court exhausts this list to find that you have no living relatives by blood or marriage, the state will take your property.

A will tells friends and family members precisely how you'd like your material assets distributed after you're gone. It saves those you leave behind unnecessary distress by clearly expressing your opinions and decision and alleviates guesswork and stress for your loved ones as they are affected by your death.

You do not need a lawyer to make a will in Connecticut. You may purchase software or online programs to formulate a legal will. However, you may want to consult a lawyer in some situations. For example, if you think that your will might be contested or if you want to disinherit your spouse, you should talk with an attorney.

To finalize your will in Connecticut:

- you must sign your will in front of two witnesses, and
- your witnesses must sign your will.

You do not need to notarize your will to make it legal.

However, Connecticut allows you to make your will "self-proving" and you'll need to go to a notary if you want to do that. A self-proving will speeds up probate because the court can accept the will without contacting the witnesses who signed it.

To make your will self-proving you and your witnesses will go to the notary and sign an affidavit that proves who you are and that each of you knew you were signing the will.

In Connecticut, you can use your will to name an executor who will ensure that the provisions in your will are carried out after your death. If you don't name an executor, the probate court will appoint someone to take on the job of winding up your estate.

# Charitable Giving through your will or estate plan

Making a legacy gift isn't just for the wealthy or for those trying to minimize estate taxes. It is a way to continue a lifetime of support for an organization you believe in. Because gifts grow through the years, any amount can have a magnified effect on organizational donations. A legacy gift can help the Library exist into the future, while helping your financial situation in the present.

Legacy gifts can take many forms the following is intended to help clarify possible options.

## 1. Including the Library in your Will

There are multiple way to include the Library in your will:

<b>Bequest Type</b>	<b>Sample Language to use</b>
<p><b>Outright Bequest:</b> An unrestricted gift, in which you give the organization a specified dollar amount or specified asset, such as securities, real estate or tangible personal property.</p>	<p>“I give, devise, and bequeath to The Saxton B. Little Free Library, Columbia, CT &lt;insert dollar amount or specified asset*&gt; to be used for its general purposes.”</p> <p>Instead of a dollar amount, you can also indicate a percentage of your total estate or specifically describe property to be given.</p>
<p><b>Residual Bequest:</b> A gift in which you give the organization all or a percentage of the remainder of your estate after specific amounts designated for other beneficiaries are distributed and estate-related expenses are paid.</p>	<p>“I give, devise and bequeath to The Saxton B. Little Free Library, Columbia, CT &lt;insert a percentage amount&gt; percent of the residue of my estate to be used for its general purposes.”</p>
<p><b>Contingent Bequest:</b> A gift that provides the organization upon the occurrence of a certain event – if, for example, your primary beneficiary does not survive you.</p>	<p>“In the event that &lt;insert name&gt; predeceases me, I give, devise, and bequeath his/her bequest or share to the Saxton B. Little Free Library, Columbia, CT to be used for its general purposes.”</p>
<p><b>Testamentary Trust or Planned Gifts:</b> A testamentary trust allows you to</p>	<p>An attorney should be consulted to pursue this option. Please note, the Library cannot be the trustee</p>

<p>establish a trust through your will. Beneficiaries receive income for life or a term of years.</p> <p>A testamentary planned gift allows you to establish an array of options such as a charitable remainder trust or charitable gift annuity to be created through your will. Testamentary planned gifts can provide welcome tax advantages as well as financial benefits to your family.</p> <p>These option gives your direct heirs the benefit of your capital during their lifetime or specified term. At the end of that lifetime or term, the organization receives the remainder.</p> <p>Retirement plans can be used to fund any of these planned gifts.</p>	<p>of such a gift.</p>
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## 2. *Making a gift outside your will*

Making a gift outside your will can offer several benefits: 1. The value of these gifts need not be included in the total value of your estate. This might reduce the tax liability of your beneficiaries. 2. You will avoid capital gains tax on the accrued value of certain assets, because the appreciated value can go directly to the Library. 3. Assets that are subject to income tax when received by an individual (e.g. IRA funds) can be distributed to the Library without income tax liabilities.

There are multiple ways to offer the Library support outside a will:

<b>Gifts of cash:</b>	An outright gift of cash qualifies for a full charitable deduction for most donors who itemize on their federal income tax.	
<b>Appreciated securities:</b>	A gift of an appreciated security (such as stocks) can save taxes twice as long as you've held the securities for more than one year. Most donors who itemize on their federal income tax, can receive an income tax deduction for the full	If you hold the certificates for your security, in most cases, the security can simply be signed over to the Library. If your security is held by a holding company, you may need to contact them for a form to transfer ownership.



	fair market value and avoid capital gains tax on the appreciation.	
<b>Insurance Policies:</b>	Life insurance allows for numerous possible planned giving opportunities, as the Library can be named as either full or partial beneficiary.	Beneficiary designated property (e.g. retirement plans and insurance) do not pass through your will or trust.
<b>Retirement Plan Assets:</b>	<p>The Library can be named as beneficiary of retirement assets such as IRAS, 401(k) plans, profit sharing plans, Keogh plans and 403(b) plans. Potentially subject to double taxation at your deaths, funds in your retirement plan may be the most advantageous gifts. Unlike other assets, retirement funds are subject to income tax when received by beneficiaries, in addition to possible estate tax.</p> <p>Charitable organizations, such as the Library, are tax-exempt and therefore not liable for these taxes.</p>	<p>Naming the Library on a plan simply requires you to list the Library as a beneficiary designation on the form with your plan sponsor or insurance company.</p> <p>The following is suggested wording for the Library to be named as beneficiary:  Saxton B. Little Free Library  319 Rt 97  Columbia, CT 06237  ID #: 06-0851138  Relationship: non-profit organization</p>
<b>Real Estate:</b>	Real estate property, such as primary and vacation homes, commercial, undeveloped or rental properties can be used as either outright gifts or to fund charitable trusts.	Please contact your attorney to pursue this option.

### *3. Charitable Gift Annuity*

This type of gift returns fixed lifetime payments to you and supports the organization after the death of the last beneficiary. Unfortunately, the Library cannot offer this type of planned giving at this time.

# Glossary of Terms

**Actuarial** – when used in gift planning, refers to the factors used to calculate the value of lifetime payments to individuals or organizations.

**Adjusted Gross Income (AGI)** – The sum of an individual’s taxable income for the year; it is the total at the bottom of the first page of IRS Form 1040.

**Annuity** – a contractual arrangement to pay a fixed sum of money to an individual at regular intervals.

**Charitable Gift Annuity** – is a gift that secures fixed lifetime payments to the benefactor(s).

**Appreciated property** – Securities, real estate or any other property that has risen in value since the benefactor acquired it.

**Beneficiary** – the recipient of a bequest from a will or distribution from a retirement plan.

**Capital Gains Tax** – a federal tax on the appreciation of an asset between its’ purchase and sale prices.

**Estate Tax** – a federal tax on the value of the property held by an individual at his or her death (paid by the individual’s estate, not the heirs or recipients of bequests).

**State Inheritance Tax** – is a tax applied to the value of bequests passing to beneficiaries; like estate tax, it is paid by the estate before distributions are made.