



# ACF

ARMENIAN CULTURAL FOUNDATION

# ARMENIAN CULTURAL FOUNDATION TRUST FUND

---

## DEDICATED TO EDUCATION, YOUTH AND COMMUNITY

Founded in 1976 to advance and preserve Armenian heritage and identity through educational and cultural programs and promoting fellowship and awareness among Armenian communities worldwide.

## EDUCATION

The Armenian Cultural Foundation has been at the forefront of advancing educational opportunities and providing a better environment for the preservation of the Armenian identity. The Armenian Cultural Foundation has supported countless programs that aim to preserve the Armenian Culture and heritage, yet encourage new voices in the arts, literature and performing arts. The ACF sponsors many students eager to visit the homeland by providing and creating exchange programs, youth visits and educational opportunities in Armenia. The ACF also has enabled the establishment of after-school programs and mentoring programs, summer day camps and Armenian language lessons.

## YOUTH

The Armenian Cultural Foundation, since its founding has been a staunch supporter of programs dedicated to the youth. Contributions to the Armenian Youth Federation Camp in Wrightwood, California, have ensured that thousands of children served by the camp have the most upgraded facilities, and educational and cultural programs. The ACF has been the driving force in the advancement of youth issues in the community. By sponsoring public service campaigns and funding projects that cater to youth education, the ACF has ensured the growth and development of the younger generation and empowered them to become future leaders in the community.

## COMMUNITY

The Armenian Cultural Foundation has been at the forefront of community preservation and development. Building and operating 15 community centers throughout the Western United States, the ACF has ensured a nexus for all Armenian organizations and activities. From Sothern California, to San Francisco, Fresno, Phoenix, Houston and Las Vegas, these community centers have become a safe haven for Armenian youth, a gathering place for families and an important conduit for community development.

# THE REWARDS OF CREATIVE GIVING

## DESIGN A PLAN THAT FITS YOUR NEEDS

As we confront the challenges of the future, we know that the generosity of those who assist us will make all the difference in our success. That is why we seek your support.

We also, however, want to make sure that you benefit from making a gift to us.

How does this happen? In addition to the satisfaction that comes from knowing you have made a difference in the lives of others, the best gift plans improve your financial and tax situation, as well—often right away.

This booklet allows you to explore opportunities that combine your philanthropic giving with your own financial needs and tax-planning strategies. Through creative gift planning you can secure your own financial future, as well as ours.

To design a gift that benefits the people and organizations you care about most, we recommend that you obtain the professional counsel of an attorney who specializes in estate planning. We can work with your advisors to help you plan for tomorrow and receive maximum benefits today.

### POTENTIAL BENEFITS

- Receive a current income tax deduction
- Avoid long-term capital gains tax
- Increase income and effective rate of return
- Reduce estate and gift taxes

# A CURRENT WILL OR TRUST

---

## VITAL DOCUMENTS

Have you put off making or updating your Will or Living Trusts? Maybe you think it costs too much to do it. Perhaps you are having a hard time deciding how to leave your money, or you may simply have an aversion to confronting your mortality.

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

A bequest from either a Will or Living Trust lets you pass any amount you wish to the ACF free of estate tax. You can give cash, specific property or a percentage of your estate, with restrictions or without.

To make sure your Will accomplishes your goals according to your wishes; we recommend that you obtain the professional counsel of an attorney who specializes in estate planning.

### **BENEFITS**

- Provide for your family after your death
- Distribute your assets according to your wishes
- Save on estate taxes with proper planning
- Leave a legacy without giving up assets

# CASH

---

## A QUICK AND EASY GIFT

A cash gift by check is one of the most common and easiest methods for making an outright charitable contribution.

If you itemize income tax deductions on your tax return, the first tangible benefit of making a gift by cash or check is the tax deduction for the full value of your gift.

The annual limitation on the use of charitable deductions claimed for gifts to public charitable organizations is 50% of your adjusted gross income for cash gifts. Any unused deduction can be carried over and used for up to 5 additional years, giving you 6 full years to use the deduction.

The second benefit is seeing the immediate results of your generosity. Further, you are demonstrating a strong commitment to help support our mission and contributing to our success.

### **BENEFITS**

- Receive a current income tax deduction
- Reduce your potential estate taxes in the future
- Determine the exact amount of your desired support
- Experience the joy of giving today

# WHAT TO GIVE

---

## ASSETS WORTH DONATING

Any type of asset that you irrevocably donate to a charitable organization like ACF results in a current income tax deduction, but there may be other tax benefits from your contribution.

If you contribute appreciated securities that you have held more than one year, you have the added benefit of avoiding tax on the gain.

You can also give us tangible personal property (like an art object, prized collection or antique) and take a deduction for its full fair market value if the gift is used for our exempt function.

These are but two of the types of assets you can donate outright to us today. Using assets other than cash that allows you more flexibility when planning your gift, and there are even more potential benefits if you plan your gift creatively.

### **BENEFITS**

- Receive a current income tax deduction for gifts of securities
- Provide relief from capital gains tax with gifts of securities
- Make meaningful gifts with donations of personal property
- Help fulfill our mission with your contributions

# EXAMPLE

---

## DONOR

Hagop has stocks currently valued at \$20,000 that he purchased for \$4000 several years ago, which will result in a \$16,000 capital gain if he sells the securities. He is in a 35% marginal income tax bracket.

## TAX-SAVING STRATEGY

Donate the stock to his favorite charitable organization.

## **BENEFITS**

- Hagop receives an income tax charitable deduction for the full fair market value of \$20,000—saving him \$7000 ( $\$20,000 \times 35\%$ ) in income taxes.
- Hagop bypasses the \$16,000 capital gain, saving \$2,400 in his 15% capital gains tax bracket ( $\$16,000 \times 15\%$ )
- Total tax savings from capital gains and income taxes is \$9,400.

# YOUR RETIREMENT PLAN ASSETS

## COSTLY TO INHERIT

Did you know that most retirement plan assets are facing double taxation? Assets remaining in retirement plans funded with pre-tax dollars are considered “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 is a better option for your retirement plan assets—a charitable gift.

To implement your wishes, first consult your advisor, then instruct 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**

- Avoid all income and estate taxes when you name us as the primary beneficiary.
- Receive partial savings when you give us a specific amount before giving your family the remainder
- Name us as the contingent beneficiary, which allows for greater flexibility
- Donate retirement plan assets, which could be the most cost-effective gift you can make

# EXAMPLE

---

## VARTAN'S ESTATE PLAN

Vartan's estate contains his personal possessions, an insurance policy and a sizable profit-sharing account. Vartan wants to provide for his children, but he also wishes to leave a charitable gift—with the rest of the estate passing to his children.

## TAX-SAVING STRATEGY

He should consider naming the Armenian Cultural Foundation Trust as beneficiary of his profit-sharing account.

## **BENEFITS**

- The value of Vartan's gift qualifies for an estate tax charitable deduction
- Assets in the profit-sharing account pass to the charitable organization free of any income tax obligation
- Vartan's children benefit from other assets in his estate that are free of income taxes

# CHOOSE THE OPTION

## THAT MATCHES YOUR GOALS

YOUR GIFT	Bequest	Gift of Cash	Gift of Securities	Gift of Personal Property	Gift of Retirement Assets
YOUR GOAL	Defer a gift until after your lifetime	Make a quick and easy gift	Avoid tax on capital gains	Share your enjoyment of a collection or other personal item	Avoid taxation on IRAs or other employee benefit plans
HOW TO MAKE THE GIFT	Name the ACF in your will or living trust (designate a specific amount, percentage or share of the residue)	Simply write a check or make a cash donation now. You may also make a donation with your credit-card	Contribute long-term appreciated stock or other securities	Donate tangible personal property related to our tax-exempt function	Name the ACF as the beneficiary of the remainder of the assets after your lifetime
YOUR BENEFITS	Donation exempt from federal estate tax. Control of your assets for your lifetime	Immediate income tax deduction. Removes property from estate	Immediate charitable deduction. Avoidance of capital gains tax	Charitable deduction based on the full market value	Allows you to make the gift from the most highly taxed assets, leaving better assets for family

Gift of Life Insurance	Retained Life Estate	Gift of Real Estate	Charitable Remainder Trust	Charitable Lead Trust	Charitable Gift Annuity
Make a large gift with little cost to yourself	Give your personal residence or farm now, but continue to live there	Make a gift of property no longer needed and generate an income tax deduction	Secure a fixed and often increased income, or create a hedge against inflation	Reduce gift and estate taxes on assets you pass to children or grandchildren	Supplement income with steady payments that are partially tax-free
Change ownership on a life insurance policy you no longer need	Designate ownership of your home to the ACF, but retain occupancy	Donate the property to the ACF	Create a trust that pays income annually; principal is retained for the ACF	Create a charitable trust that pays fixed or variable income to the ACF for a specific term of years; principal is retained for heirs	Establish a charitable gift annuity contract with the ACF that pays a set amount for life
Current income tax deduction. Possible future deductions through gifts to pay policy premium	Valuable charitable income tax deduction. Lifetime use of residence	Immediate income tax deduction. Reduction or elimination of capital gains tax	Variable or fixed income for life. Immediate income tax charitable deduction	Reduces your taxable estate. Property kept by your family, often with reduced gift taxes	Current and future savings on income taxes. Fixed payments for life for you or for you and your spouse

# LIFE INSURANCE

## A VERSATILE TOOL FOR MANY PURPOSES

When you first obtain your life insurance policies, you obviously felt a need for them. Perhaps you do not need all that coverage today, yet you still have those policies.

If you are thinking about a contribution to the Armenian Cultural Foundation Trust, a gift of your life insurance could be sensible, as well as generous, course of action. If you make us owner of the policy, you will normally receive an income tax deduction for this policy's fair market value or cost basis, if lower, on the date of the gift. If you name us the beneficiary of the policy (and retain ownership), you will receive an estate tax deduction for the insurance proceeds.

You can also use life insurance to replace the value of a different gift. For example, you could donate stock to us 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.

### **BENEFITS**

#### **Name the ACF as owner**

- Receive a charitable deduction when you name us a beneficiary and assign us ownership
- Reduce your estate taxes because proceeds are removed from your estate

#### **Name the ACF as beneficiary**

- Obtain flexibility by naming us as beneficiary but keeping ownership
- Name us as contingent beneficiary and secure your family's needs first

# RETAINED LIFE ESTATE

## AN OPTION THAT LETS YOU HAVE IT BOTH WAYS

Let us assume you would 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. Do you realize you can give us your home and continue living there?

It is true! This type of gift is called a retained life estate.

A gift of your home (including a vacation home or condominium) or farm, with a reservation of the right to use it for life, results in a charitable deduction on your income tax return.

### **BENEFITS**

- Use the residence for your life and/or another person's life
- Receive income tax savings through a charitable deduction for a portion of your home's value
- Reduce estate taxes
- Make a gift of only partial interest in the property, and receive tax advantages

# 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 up to \$250,000 (\$500,000 if you are married) of the gain. This tax break does not apply to other types of real estate, however, so you may have a better alternative.

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

When you give your home or other real estate to us, you create an enduring testimonial of your interest in our mission. Your personal satisfaction is also complemented by valuable tax benefits.

### **BENEFITS**

- Receive an income tax charitable deduction for the full fair market value.
- Avoid tax on the property's appreciation
- Prevent the hassle of trying to sell the property
- Make a gift to support a great cause, and reduce your taxable estate

# CHARITABLE REMAINDER ANNUITY TRUST

## A GIFT TO US WITH PREDICTABLE BENEFITS TO YOU

If you are 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, consider a charitable remainder annuity trust.

This plan will pay for 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 (or other named beneficiary's) lifetime and the lifetime of the survivor beneficiary (if desired), the trust remainder is available to support our mission.

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

### **BENEFITS**

- Receive a fixed dollar income paid annually
- Obtain a partial charitable deduction
- Increase your income from a low-yield asset
- Gain freedom from investment management
- Avoid capital gains tax on long-term 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 we receive the remainder.

With a unitrust, the amount you receive as income is a set percentage of the value of the trust assets, redetermined 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 the beneficiary needs more income, the trustee can invest the assets to generate a higher return and make up earlier deficiencies.

This option is excellent for devising a supplemental retirement plan. We can provide you with more details.

### **BENEFITS**

- Receive lifetime income (often greater than the yield on contributed assets)
- Obtain a sizable income tax charitable deduction
- Avoid capital gains tax if you donate long-term appreciated securities
- Make a significant gift to one or more charitable organizations

# EXAMPLE

---

## DONOR

Sona, age 60, has stocks currently valued at \$100,000 and yielding a 2% dividend.

## GIFT VEHICLE

Charitable remainder unitrust.

## HOW IT WORKS

Sona transfers the stock to the unitrust and arranges to receive in quarterly payments 7% of the market value of the unitrust assets as determined annually.

## **BENEFITS**

- Sona receives an income tax charitable deduction for the charitable portion.
- The first year she receives \$7,000 (7% of \$100,000), a \$7,000 increase in income.
- If the value of her trust increases, so will her income payments. Sona will then have a built-in hedge against inflation.

# CHARITABLE LEAD TRUSTS

---

## PRESERVE AN INHERITANCE

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

There is a strategy to pass assets to your family with a significant estate tax savings while making a gift to us. It is called charitable lead trust.

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

The lead trust is an exceptional way to transfer property to children or other heirs at a minimal tax cost. It is ideal if you are willing to forgo investment income on an asset but do not want to have estate taxes reduce the principal passed to heirs.

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

### **BENEFITS**

- Fund the trust during your lifetime or through your will
- Support our mission through annual income payouts
- Reduce your taxable estate and potential gift taxes
- Keep assets in the family

# CHARITABLE GIFT ANNUITY

---

## A WAY TO BOOST YOUR RATE OF RETURN

The concept of a gift annuity is simple. You donate assets that we reinvest. The Armenian Cultural Foundation agrees to make fixed payments to you for life (and, if desired, for another beneficiary's lifetime). At the end of the agreement, the funds are available for our use.

A charitable gift annuity is particularly attractive because the rates (based on your age) typically produce higher yields than you would receive in the stock and bonds markets.

And when combined with partially tax-free payments, the effective rate of return is even higher.

### **BENEFITS**

- Receive lifetime payments for yourself and possibly another person
- Obtain a charitable deduction for a portion of the value of the gift
- Secure partially income tax-free payments
- Save on capital gains taxes when you contribute to appreciated securities

---

# **ACF**

## **Armenian Cultural Foundation Trust Fund**

For more information about planned giving, contact:

Armenian Cultural Foundation Trust Fund  
104 N. Belmont St., Suite 300  
Tel – 818.243.1890  
Fax – 818.243.1467

The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are based on current rates prior to printing and are subject to change. References to estate and income tax include federal taxes only; individual state taxes may further impact results.

---