



You Can Help Hadley Thrive

JOIN THE CLARENCE BOYD JONES SOCIETY TODAY

1. INCLUDE HADLEY IN YOUR WILL OR TRUST

- Suggested wording to share with your attorney: I give ____% or \$____ to Hadley Institute for the Blind and Visually Impaired, an Illinois non-profit corporation located at 700 Elm Street, Winnetka, IL 60093, EIN #36-2183809.
- If you have previously included Hadley in your will or trust using our former name "The Hadley School for the Blind," you do not need to change your documents. It still will be honored.

2. DESIGNATE HADLEY INSTITUTE AS A BENEFICIARY

- You can use an IRA, life insurance policy, annuity or any other instrument that allows you to designate a beneficiary.
- Simply request and fill out a "change of beneficiary" form from the appropriate provider.
- You could name Hadley a full, partial or contingent beneficiary with the designated amount being tax-free.

3. CONSIDER A CHARITABLE GIFT ANNUITY (CGA)

- A gift annuity is simply a contract between you and Hadley whereby you give a specified amount of money (minimum of \$10,000 cash or appreciated stock).
- A CGA provides an income for loved ones who depend on you.
- You receive a charitable tax deduction and Hadley agrees to make annual payments to one or more beneficiaries (annuitants).

4. DISCUSS ADDITIONAL OPTIONS WITH YOUR FINANCIAL ADVISOR OR ATTORNEY

Please let us know if you plan to leave a legacy at Hadley so we can thank you and welcome you to the Clarence Boyd Jones Society.

For more information on estate planning, please contact Brooke Voss, Chief Development Officer, at 847.784.2774 or send an email to brooke@hadley.edu.



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New Tax Law = Charitable Giving Considerations

foresight

ACHIEVE YOUR GOALS THROUGH PHILANTHROPIC PLANNING

HADLEY INSTITUTE
FOR THE BLIND AND
VISUALLY IMPAIRED
FALL 2018

Hadley Ranks #1 with Jan Lavine

When Jan Lavine lost her vision due to pigment epithelial detachment (PED) in 2006, she had an unusual reaction. "I realize a lot of people are distraught and need to grieve, but all I could think about was what I had to learn to move forward."



Jan Lavine

She and her husband had relocated to Oklahoma just two years before, and Jan had spent a lot of time decorating their new home and settling into their new town. When she suddenly lost her sight, Jan found that her only frustration was the pace at which she could learn to adapt.

"I've always been good at coming up with a work around," she said.

"Knowing my sight would never get better, I knew I had to figure out new ways to do things. I couldn't change the outcome, so I had to learn how to live differently."

Jan found Hadley Institute through a resource list for people with vision loss. "I needed to learn braille and learn to live independently. Hadley was right there to help me with both!"

In registering for one of her courses, Jan learned more about what it costs Hadley to offer its services. "While I knew I couldn't contribute enough to repay Hadley for all that it offered me, I did start contributing at the completion of each course," Jan said. "Hadley is #1 for me in giving."

Jan also started thinking about long-term support for Hadley, so that it can continue to offer its educational services free of charge. "I named Hadley as the contingency beneficiary of my Roth IRA should my husband die before I do," said Jan. "I cannot ever, ever, ever repay Hadley for what it has given me. But I can contribute now and offer support through my estate plan."

See Hadley Ranks #1 with Jan Lavine inside...



Charitable Giving Considerations Under the Tax Cuts and Jobs Act

The 2017 Tax Cuts and Jobs Act (TCJA) represents the most sweeping revision to the Internal Revenue Code since 1986. Tax rates generally have been reduced, a 20% deduction for Qualified Business Income enacted, standard deductions substantially increased, personal exemptions eliminated and commonly used itemized deductions limited or disallowed.

Fortunately, the itemized deduction for charitable contributions remains intact. However, given the other changes made to itemized deductions and standard deductions, donors should consider restructuring their charitable giving to maximize their associated tax benefits.

Let us consider the following scenario: Married taxpayers, both 71 years old, who use the married filing jointly filing status and have adjusted gross income of \$400,000. They typically pay annual

combined state and local taxes of \$40,000, investment fees of \$20,000, and charitable contributions of \$10,000. They have no outstanding debt on their principal residence and their medical expenses do not exceed 7.5% of their adjusted gross income. In prior years, even without any charitable contributions, their itemized deductions would easily surpass their standard deduction. Charitable contributions of \$10,000 would have yielded them tax savings of \$3,500 (35% of \$10,000).

Under the TCJA, these taxpayers are entitled to the greater of a \$24,000 standard deduction or the sum total of their itemized deductions. Because the itemized deduction for taxes is now limited to \$10,000 and their investment fees are no longer deductible, the \$24,000 threshold may prove difficult for them to exceed. If those same taxpayers were to make \$10,000 of charitable contributions, they would receive no marginal tax savings at all, as

their itemized deductions of \$20,000 (\$10,000 of taxes + \$10,000 of contributions) would fail to exceed the \$24,000 standard deduction.

Here are some strategies that taxpayers can implement in order to maximize the tax benefits of their charitable giving.

QUALIFIED CHARITABLE DISTRIBUTIONS

Taxpayers over the age of 70 ½ can make tax- and penalty-free contributions to charities directly from their traditional Individual Retirement Account (IRA) of up to \$100,000 annually. These qualified charitable distributions (QCD) do not affect the taxpayers' ability to claim either the standard deduction or itemized deductions otherwise available to them. In the above scenario, the taxpayers could elect to make their \$10,000 of annual charitable contributions from their traditional IRA as a QCD. This would provide them with a \$3,200 (32% tax rate X \$10,000) tax savings on the IRA income that would otherwise be taxable to them or their heirs in future years. Note also that a QCD can be used to satisfy a taxpayer's required minimum distribution requirement.

BUNCHING CHARITABLE CONTRIBUTIONS

Taxpayers can maximize their charitable tax deductions by bunching their charitable giving into a single tax year rather than spreading them over multiple tax years. In the above example, if the taxpayers gave \$30,000 every third

year instead of \$10,000 per year, they would receive \$5,120 of tax savings (32% X (\$10,000 itemized taxes + \$30,000 contributions- \$24,000 standard deduction)) for their \$30,000 of donations instead of receiving no tax benefit by giving \$10,000 per year.

Taxpayers can also utilize appreciated securities to bunch their charitable contributions into a single year. If the couple in our example donates directly to charity a block of securities with a fair market value of \$50,000, cost basis of \$10,000 and a holding period in excess of one year, they can make five years of contributions all at once and achieve tax savings of \$11,520 (32% X (\$10,000 itemized taxes + \$50,000 contributions- \$24,000 standard deduction)).

By donating the appreciated securities directly instead of liquidating the securities and donating the proceeds net of tax, the couple is able to both avoid federal and state taxes on the gain from the sale of the securities as well as secure a larger charitable contribution deduction.

OTHER STRATEGIES

Other vehicles exist for taxpayers to maximize the tax benefits of their charitable giving, including the use of Private Foundations, Charitable Lead Trusts, and Charitable Remainder Trusts. Readers should consult with their tax advisors and estate planning attorneys to determine if these strategies are appropriate.

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Hadley Ranks #1 with Jan Lavine... continued

Committed to communication through braille, Jan fell in love with the code. Her interest led to intriguing ways for her to contribute to the growth of others with visual impairment, and even job offers.

"We were at a county fair and I talked with people at a booth focused on fire prevention for people with disabilities," Jan explained. "I told them I'd be happy to volunteer if they ever needed someone to transcribe or write in braille. A couple of weeks later I started volunteering with them, which led to a regular volunteer role, my own office, and the use of wonderful equipment and materials. I've been offered paid work as a result of my certifications in braille transcription and braille proofreading, but I like volunteering and I'm committed to helping others in the same way I was helped. I now serve on the Board of Directors of the Oklahoma Assisted Technology Foundation. None of this would have been possible without Hadley and braille."

In 2011, Jan was honored as Hadley's Braille Student of the Year, after completing eight braille courses. She was recognized by her teachers for her proficiency in learning the code.

"I had to put in the effort, and Hadley was there every step of the way to guide me. My instructors were so encouraging, and I fell in love with braille. Now I can read wherever I am, and I'm able to help others learn, too."

PHILANTHROPY ADVISORY COUNCIL

Promoting the growth and strength of Hadley's planned philanthropy program, these financial and legal professionals lend their time and expertise working with staff and donors through their advisors.

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