



# Hope for a Better World



A Creative Estate Planning Newsletter for friends of Ananda

## “When the Going Gets Tough .....

.....*the Tough Get Going!*” is a saying that all of us have heard and most - if not all - of us have applied to ourselves.

All of us at one time or another during our lifetimes have experienced tough times. Most of us - hopefully, all - have survived these times and even grown stronger because of them. Tough times - just like fire to steel - temper our character and enable us to stand taller and straighter.

### **Tough Times Are Now**

Americans and the world are experiencing financial difficulties like we haven't experienced since the Great Depression. People are losing their homes by the tens of thousands, their jobs by the hundreds of thousands and their "nest eggs" by the millions. *And, what's worse, we don't know if we have hit the bottom or if the bottom is even in sight!*

So we cut back in our spending. We make do instead of buying something new. We skimp, we save, and perhaps we do without some things.

But what will happen if we begin to cut back in ways that diminish our consciousness of abundance, of expansion, and of sharing with others? *Can we afford to cut back on our giving?*

### **We Get Going!**

Every culture, every spiritual movement, every major religion has a special name for what we simply call charitable giving. We take from the blessings we have been given, and share with others, with those in need of our assistance.

For a family member or a friend it might be in the form of a gift or a loan. For the many that we

don't see and may never know, it is in the form of an outright gift, generally in cash or check, to a qualified charitable organization. No strings attached, no quid pro quo other than the good feelings that come from doing the right thing at the right time in the right way.

Charitable giving, while not unique to Americans, is a significant part of our national culture and has even been codified in our laws. Our Government encourages its citizens to be generous, and through its tax laws and charitable deductions have made it attractive and financially feasible.

Generous people support those charities which reflect their values and carry out the tasks which they would like to see accomplished. *In this way we make possible collectively what we could not do individually.*

### **"Now and Then Dollars"**

The generous donors to Ananda and the Janaka Foundation have supported the many ministries and missions of our organization. The *"Now Dollars"* (such as your donations to the Ananda Annual Appeal) pay the bills, support the salaried staff and buy the supplies. The *"Then Dollars"* are those planned gifts given to the Janaka Foundation for endowment and other special projects throughout Ananda's work.

These "tough times" are a reminder of the wisdom Ananda showed a few years ago in establishing the Janaka Foundation and beginning the process of endowing the future of our organization. By creating a fund separate from the operating funds, we and you the donors are growing a source of



funding which will provide Ananda with an income stream for those "tough times" when donor giving may drop off due to the economy. We may have to cut back on some projects - *there are no earmarks in our budget* - but we hope that we won't have to cut out some ministries.

### **Giving "Then Dollars"**

Very often it's not *what* or *how much*, but *how* you give that matters. This is especially so when you are giving "*then dollars*." Gifts which we will not be able to use immediately are such gifts. An event must happen or a period of time must pass before we can benefit from the fruits of these gifts.

Such gifts are called **planned gifts**, simply because we must do more than just reach for our wallets or take some money from a purse. It takes a plan - *what do we want to do and how do we want to make it happen* - and usually requires outside help and a written, legal document.

A **bequest under will** is the most familiar way of making a planned gift. Properly done, it requires a legal and witnessed document and should - at the very least - be reviewed by a qualified estate planning attorney.

Making a specific gift or naming a certain amount to be given to a particular charity is a way - *but not generally the best way* - of making a bequest. Thoughtful and generous donors should consider naming a charity as the **beneficiary of a percentage of the residual estate**. In this way all beneficiaries are treated equally and the danger of disinheriting a needy beneficiary such as a spouse or dependent children is avoided.

With the advent of **Individual Retirement Accounts** as the result of tax-deferred investments being rolled over and forming the source of retirement income for so many retirees, IRAs are perhaps the quickest, easiest and a very tax-wise way of making a planned gift. *Reason:* IRA withdrawals are taxed in the bracket of the recipient, i.e., the owner, the spouse, children or grandchildren must declare any distribution as taxable income.

*Charities don't have to declare the income as they are tax-exempt.* A simple designation of beneficiary naming the Janaka Foundation on a form provided by the IRA trustee will make a very tax-wise gift.

**Life insurance** still remains an excellent charitable funding source. Someone once described a gift of life insurance as "a large gift on the installment plan." There are so many options available:

1. A new policy given to the Janaka Foundation and the premiums paid by Janaka with periodic gifts (tax deductible) from the donor;

2. The Janaka Foundation is named as the primary beneficiary of a partial interest in the life insurance policy's death benefit, perhaps a tithe of one's life insurance estate. There is no immediate income tax benefit, but the gift is locked in;

3. A gift of the entire policy because the donor doesn't feel its protection is needed anymore. Janaka can take the policy as a paid-up policy and the donor can take a charitable deduction for its current value.

The **charitable gift annuity**, while available only to donors who are California residents, is another gifting vehicle for these tough times. *Why?* Because it is both a gift and an investment with locked-in returns that are higher than current CD rates, plus a sizable charitable deduction and a favorably taxed income stream. (*If you would like to have an illustration prepared for you, give us a call.*)

**Charitable remainder trusts** are perhaps so diverse, complicated and regulated that an entire newsletter should be used to explain their benefits. Suffice it to say that the benefits are considerable: current charitable deduction, a wash of long-term capital gains tax, favorably taxed income, estate tax deductions, to name a few.

**For further information on how you can be generous during these tough times and ensure the future of your charitable values**, request the brochures: *A Guide to Planning Your Will* and/or *Planning for the Future*. We'll be happy to send them to you. **Contact the Janaka Office: 530-478-7695.**



**The Janaka Foundation - Building Ananda's Legacy of Light.**

This newsletter has been written by qualified specialists in financial planning and offers explanations of current techniques in easy-to-understand language. Through charitable gift planning, you can help us to prepare for our future of helping others. The information provided is general in nature. Each reader should consult his or her own counselors in applying the principles provided here.