

GRACIOUS GIVING

Planning with a Joyful Heart

Donor Advised Fund Offers Great Flexibility

Perhaps one of the best ways to support Reformed Theological Seminary and your other favorite organizations is through our Advise and Consent FundSM – a donor advised gift fund that greatly enhances your flexibility in providing for the organizations that are important to you.

Contributors receive immediate income tax charitable deductions, capital gains tax avoidance (for gifts of appreciated securities) and the ability to recommend grants from the fund now and in future years. You may choose to designate gifts to Reformed Theological Seminary and/or recommend that grants will go to other qualified organizations. You may also set up your fund as an endowment and recommend grants from the annual income earned on your gifts.

Our fund offers convenience and flexibility, including many of the benefits of establishing a private foundation – but without the costs and administration. Tax savings are often

higher when you contribute to a donor advised fund, rather than through a private foundation.

Here are some Fund basics:

■ Gifts that are made today provide tax benefits for the current tax year;

■ Gift distributions to approved charities can be delayed until the future;

■ You can make both deferred and testamentary gifts to the Advise and Consent FundSM;

■ Your tax deduction is based on the favorable rules that apply to public charities;

■ You may consult with a representative of the RTS Foundation on timing of gifts, especially gifts of appreciated assets such as stock or real estate.

The Advise and Consent FundSM is much like having your own private foundation, except you don't have all the "headaches," paperwork, filings and compliance issues. Furthermore, the Fund lets you avoid dealing with multiple organizations and their devel-

opment staffs. Your funds will be professionally managed, and our staff can assist in researching and screening organizations you may wish to support. You also can give with complete anonymity, if you wish.

Timing can be an important advantage of the Advise and Consent FundSM. You can make gifts of securities while the value is high but delay specifying what charities you recommend supporting until later. The Fund can also let you "bunch" several years' worth of charitable deductions into a year of high income (such as the year when you convert a taxable IRA into a Roth IRA). Your grants can be distributed in future years, but a large deduction can be enjoyed now.

We have an excellent brochure that describes the many advantages of participating in our Advise and Consent FundSM. To receive your complimentary copy, just call (866) 366-4787, or return the enclosed card.

Is Your Income Tax Refund Going to Good Use

Thousands of taxpayers will find they're receiving refunds when they file their 2009 income tax returns. The average refund received in 2008 was \$2,413. If you're on the receiving end of a refund, what financially smart moves should you make with your apparent windfall?

- Use the refund to pay down outstanding credit card balances or other nondeductible loans. If you're a taxpayer in the 28% tax bracket, paying off the balance on a credit card that charges 18% interest is the same as finding an investment that pays 25%.

- If you're not already contributing the maximum to all available retirement plans, boost your contribution by the amount of your refund. That will allow the funds to grow tax-sheltered for 2010. In 2010, you can contribute up to \$5,000 in an IRA or \$16,500 in a 401(k) plan. Those ages 50 and older may add an extra catch-up contribution of \$1,000 to IRAs or \$5,500 to 401(k)s.

- Invest in growth stock. You won't owe income tax on the increase in value until the assets are sold. And if you hold the stock more than one year, you'll be taxed at low capital gains rates on your profit when you sell. If you later contribute appreciated stock held more than one year to RTS, you can claim a deduction for the full fair market value and completely avoid tax on any gain.

- Make a gift to Reformed Theological Seminary. You'll be entitled to a charitable

deduction that may reduce the income taxes you owe for 2010.

When you meet with your tax adviser, ask about adjusting your withholding or estimated payments to reduce any refund on your 2010 return. As nice as a refund might seem, it's really just an interest-free loan of your money to the IRS.



How Costly Is Early Retirement?

How much less will you receive from Social Security if you retire at age 62 rather than wait until you're eligible for full benefits at age 66? You can expect the following reductions in benefits:

Retirement Age	Percent of Full Benefits
62	75%
63	80
64	86.7
65	93.3

On the other hand, if you postpone receiving benefits until after age 66, you can increase the amount you receive, up to age 70. For each year that benefits are delayed, you'll be entitled to an 8% increase over the normal benefits.

Trade in Your Old Will for a New Model

Last year's hugely popular "cash for clunkers" offer is over, and is credited with removing hundreds of thousands of gas guzzling vehicles from the roads. A similar program is ahead for old appliances. Unfortunately, there is nothing to deal with the countless obsolete wills still in effect across the country. Millions of people have estate plans drafted decades ago or, worse yet, have no wills at all. What would be the advantages of a "cash for clunker wills" program?

■ **Get inefficient wills "off the road"** – Check with your attorney whether your estate will be subject to tax and for ideas on reducing any taxes. Arrangements to reduce estate taxes may no longer be needed for some estates.

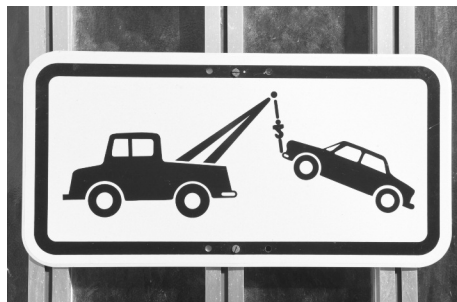
■ **Avoid breakdowns** – Old wills may include guardianship provisions for children who long ago reached adulthood. Beneficiaries and executors named in the will may no longer be alive or able to serve. Assets listed in the will may no longer be part of the estate. Major new assets may have been acquired. An estate plan that isn't reviewed regularly can cause confusion and possibly friction among family members.

■ **Reduced tolls** – Although the federal estate tax may not affect your estate, state taxes may still be an issue. Many states in which you may own property have estate or inheritance taxes that apply to estates at varying levels. Planning should involve ways to minimize state death taxes.

■ **Better handling** – Your estate consists of more than just the assets listed in a will. Jointly held property passes to the surviving owner,

outside the probate estate. Assets such as retirement plan accounts, life insurance and some investment accounts generally pass according to death beneficiary designations, regardless of the provisions in a will. Your estate plan should coordinate these assets with your probate assets.

■ **A customized vehicle** – If you don't have your own will, the state in which you live provides rules for distributing your estate, at no cost. However, the state's "will" may divide up your assets far differently than you would choose. Having an up-to-date estate plan puts you in the driver's seat.



When planning your new and improved will, there are many ways you can continue your thoughtful support of Reformed Theological Seminary:

■ Name us the beneficiary of retirement plan accounts or U.S. savings bonds. These assets are subject to income tax, in addition to any estate tax. Because Reformed Theological Seminary is tax-exempt, nothing is lost to taxes.

■ Life insurance policies you no longer need for family security can be given during your lifetime, entitling you to an income tax deduction. Or, if we're named as a beneficiary, an estate tax deduction is available.

■ Make us a contingent beneficiary, in the event an individual named in your estate plan dies before you, or give an heir the power to divert part or all of a bequest for our benefit through a disclaimer.

The RTS Foundation is here to assist you in these and other estate matters.

A Satisfying Gift and Income Plan

Remarkable! That's the best word we can use to describe a gift and lifetime income arrangement called the *charitable gift annuity*. A charitable gift annuity is a contribution, a source of income and a proven technique for minimizing taxes. Our charitable gift annuity program was created as a service to our many friends who have expressed a desire to make a gift to RTS' future, while still retaining income from the gift property during their lives.

A charitable gift annuity is a contract in which you exchange a gift of cash or securities for a fixed income each year for the rest of your life, regardless of what happens in the economy.

Your gift annuity offers five distinct advantages:

1. **Payments for life** – at attractive payout rates for one or two lives;
2. **Tax deduction savings** – much of what you transfer will

be a deductible charitable gift;

3. **Capital gains tax savings** – when you contribute securities for a gift annuity you minimize any capital gains tax;
4. **Tax-free payments** – a large part of your annual payment is tax-free return of your own principal;
5. **Personal satisfaction** – from making a gift of significance to RTS that will provide benefits far into the future.

What Are My Options?

You can choose . . .

- How frequently payments will be made – monthly, quarterly, semiannually, annually;
- One-life or two-life annuities. Two-life annuities continue uninterrupted after the death of one person;
- Cash or securities to fund your gift. Cash gifts allow maximum tax-free payments; gifts of securities allow you to minimize capital gains taxes.

How Much Can I Deduct?

Charitable gift deductions generally range from 30% to 50% of the amount you transfer for a gift annuity. Please call our office if you would like additional information, or send back the enclosed card.

Examples of Single-Life Gift Annuity Rates

Age of Donor	Rate of Return
60	5.0%
62	5.1%
64	5.2%
66	5.4%
68	5.5%
70	5.7%
72	5.9%
74	6.1%
76	6.4%
78	6.7%
80	7.1%
82	7.5%
84	7.9%
86	8.3%
88	8.9%
90 or over	9.5%

The RTS Foundation, Inc. is an affiliate of Reformed Theological Seminary and functions as an agent on its behalf in the handling of charitable giving plans, estate gifts and other planned gifts for Reformed Theological Seminary. Charitable gift annuities are issued by Reformed Theological Seminary and not the RTS Foundation and only in states permitted by law. If you have received this information and reside in a state where Reformed Theological Seminary is not licensed or exempted from licensure to offer charitable gift annuities please disregard since RTS will only issue charitable gift annuities where permitted by state law. Neither the RTS Foundation, Inc. nor Reformed Theological Seminary render legal or tax advice. It is recommended that before entering into any arrangement you consult you own legal and/or tax counsel.

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*“Supporting the ministry of
Reformed Theological Seminary”*

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