Fiduciary Trust International

MAKING THE MOST OF YOUR CHARITABLE GIVING

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Strategies for Tax-Efficient Philanthropy

Supporting a charitable organization can be a rewarding experience in more ways than one: Not only does it offer the sense of personal satisfaction that comes with helping others, it can also offer tax advantages for you and your heirs.

To encourage philanthropy, the IRS currently offers a number of tax incentives that can help you make the most of every dollar you contribute to a worthy cause. It's a win-win proposition for you, your heirs and the qualified charitable organizations you support.

However, the tax laws that govern charitable contributions in the United States can be complex. Tax obligations are influenced by your personal tax situation, the type of assets you donate, how the gift is structured, the type of charity you support and a number of other variables.

Deciding How Much to Give and Which Charities to Support

These are the key questions most people ask as they create their charitable giving plans. While the answers vary greatly depending on each person's unique situation, several key considerations come into play:

- Do you intend to give during your lifetime, leave assets to charity at your death, or both?
- What are your wealth transfer goals for your children and future generations?
- Will your estate be subject to the federal or state estate tax at your death?
- Are you looking to mitigate the income tax effects from a sale of a property or other significant receipt of income?
- What are your specific charitable goals?
- How involved would you like to be in seeing those goals fulfilled?

Our Wealth Planning Experts Can Help

Charitable giving strategies can range from simple, outright gifts to complex multi-generational trusts and other arrangements.

Fiduciary Trust is here to help you navigate this landscape, whether you want to make a one-time contribution, or establish a philanthropic strategy that continues for generations.

By combining our tax and estate planning expertise with our detailed knowledge of you and your family, we can help design a program of charitable giving that achieves your goals in the most tax-efficient manner possible.

Support a Charity Today

Although many people include bequests in their wills or revocable trusts, giving directly to charity during your lifetime can be much more personally gratifying. It can also provide you more tax benefits.

Make Outright Gifts of Cash

Quick and Convenient Tax Benefits

Consider If You:

- Want a quick and convenient way to make a donation
- Are in a high income tax bracket

Receive an Income Tax Deduction for Your Donation

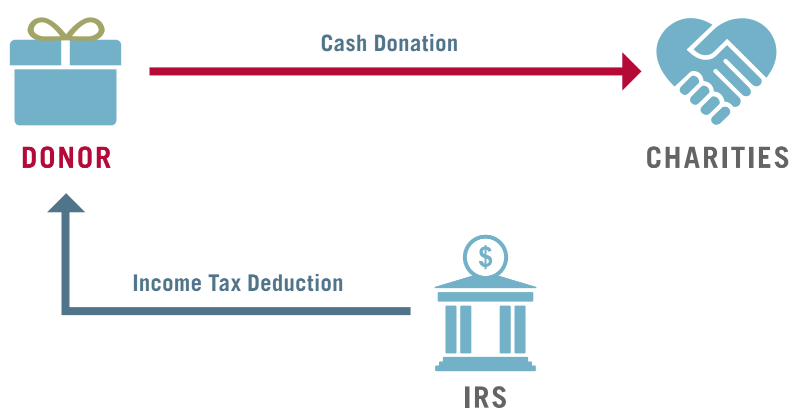
For many individuals, a lifetime of charitable giving begins with simple outright cash gifts.

Making a cash contribution is the simplest and easiest way to support a charity, and to qualify for tax benefits in the year you make the donation. If you itemize deductions, your charitable contributions can offset your income for the year, including ordinary income and capital gains. Your deduction may be as high as 50% of your adjusted gross income (AGI) for donations to public charities and 30% of your AGI for contributions to private foundations.

Be sure to keep a record of your contributions and provide it to your accountant at tax time. Cash contributions can also be made by check or credit card. Your itemized deductions are claimed on Schedule A of IRS Form 1040.

Also note that, if your estate may be subject to federal or state estate tax at death, the gift helps to reduce the value of your estate and may save taxes at your death as well.

Donate Cash and Qualify for an Income Tax Deduction



Donate Appreciated Assets

Generate Deductions and Avoid Capital Gains Taxes

Consider If You:

- Have appreciated assets held for more than a year
- Want to avoid capital gains taxes on assets you otherwise may sell

Donate Assets Instead of Cash for Income Tax Deductions and Capital Gains Tax Savings

If you have significant unrealized gains in your investment portfolio or other appreciated assets such as real estate, consider gifting these assets to charity rather than donating cash. This approach can result in a much larger benefit than selling the assets and donating the proceeds.

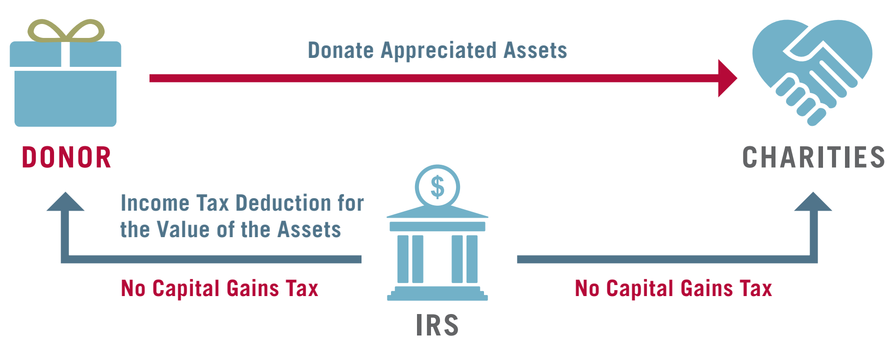
In general, you can claim the full fair market value of the donated asset as an income tax deduction (up to 30% of your AGI for assets donated to public charities and 20% for assets donated to private foundations), even if the initial cost of the asset was much lower. And you will avoid any capital gains tax that would otherwise have been due if you sold the asset. The charity is not subject to tax, so it can sell the asset and receive 100% of the value.

Appreciated assets may include stocks, bonds, mutual fund shares and certain life insurance policies. Under some circumstances, you may also donate more complex assets such as securities that are not publicly traded, restricted stock, shares of privately owned businesses and real estate.

Special Rules for Donating Tangible Personal Property

If you are donating tangible personal property such as artwork or other collectibles, you will need an independent appraisal of any gift valued at more than $5,000 and, as required for any noncash gifts over $500, you will be required to file IRS Form 8283 with your tax return. For artwork valued at $50,000 or more, consider asking the IRS for a Statement of Value before making the claim.

Avoid Capital Gains Taxes



Send Retirement Account Distributions Directly to Charity

Eliminate Income Taxes on Mandatory IRA Distributions

Consider If You:

- Are 70½ years old and are required to take IRA distributions
- Don't need the distributions and want to eliminate the income taxes from the distributions

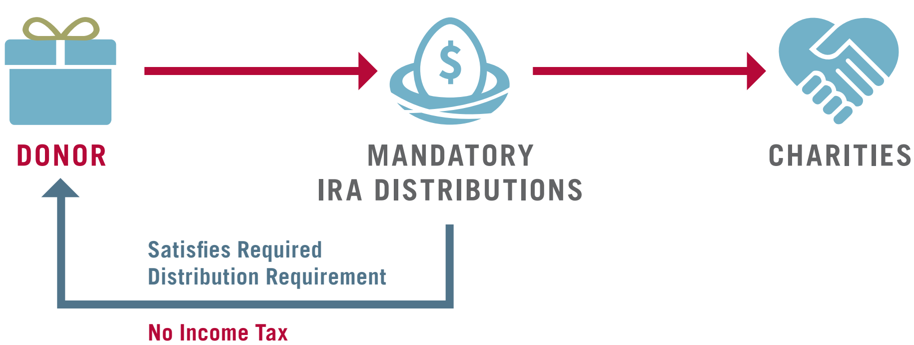
Transfer Your IRA Distributions Directly to Charity for Income Tax Savings

If you are 70½ or older and required to take a minimum distribution from an Individual Retirement Account (IRA), you can consider transferring up to $100,000 per year directly to certain charities through a "Qualified Charitable Distribution."

To make a qualified distribution, ask your IRA custodian to send your distribution directly to the charity.

No tax deduction is allowed, but the distribution may be used to satisfy all or a portion of your IRA distribution requirements. You also will not pay federal income tax on the distributions. Charities do not pay federal income taxes, so they receive 100% of the assets transferred in a qualified charitable distribution.

Reduce Income Taxes



Invest for Charity

If you want to benefit from an income tax deduction in the current year, but haven't yet decided on a specific charitable organization, a Donor Advised Fund lets you realize tax benefits now and select a recipient later.

Use a Donor Advised Fund

Reduce Income Taxes, Especially in Years When Your Income Spikes

Consider If You:

- Want to reduce the tax burden of unusually high taxable income in a given year
- Want a convenient, low-cost giving vehicle
- Aren't sure which organizations or charitable goals to support

Donate in the Current Tax Year, Select the Charity Later

Donor Advised Funds allow you to put money aside for charity today and distribute it to charitable organizations sometime in the future. This approach offers immediate tax benefits while you decide which organizations you will eventually support.

Time Your Donations, Based on Your Income Expectations

If you expect to receive an influx of income, such as a large bonus or proceeds from the sale of real estate or a business, Donor Advised Funds are a great way to make a larger donation so you can receive a deduction in the same calendar year. You'll get an immediate tax deduction for your gift, but can select a specific charitable organization any time in the future while the assets grow in the fund.

Introducing the Fiduciary Trust Charitable Giving Program

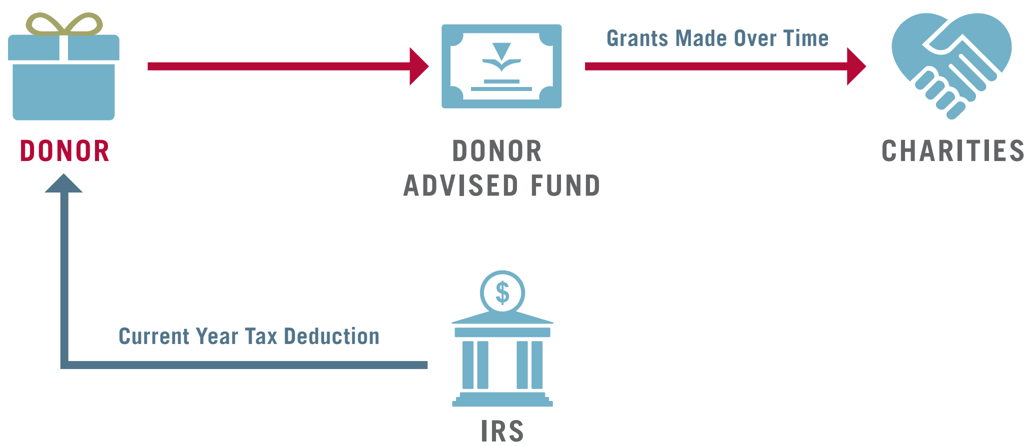
The Fiduciary Trust Charitable Giving Program is a Donor Advised Fund offered in partnership with the Renaissance Charitable Foundation, Inc. Like all Donor Advised Funds, contributions are irrevocable and unconditional. Assets are managed by Fiduciary Trust and Franklin Templeton, our parent company.

- Donate cash or appreciated assets
- $5,000 initial contribution minimum
- Receive an immediate federal income tax deduction
- No capital gains tax on the appreciated value of securities contributed
- Assets can grow tax free
- A single contribution can benefit multiple charities

In addition to its simplicity, the Fiduciary Trust Charitable Giving Program gives donors the flexibility to recommend grant recipients throughout the life of their account, either in the name of the fund, anonymously or in the name of another designated individual.

If desired, your fund can also serve as the springboard for a multi-generational approach to philanthropy, carrying a name that reflects your family's values (e.g. The Jones Family Educational Fund) and lives on in perpetuity.

Receive a Tax Deduction Today, Select the Charitable Organization in the Future



Please note that Donor Advised Funds are irrevocable and carry ongoing administrative costs.

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Rethink Retirement Assets

Many people include bequests to charity in their wills or revocable trusts, but the kind of assets you leave can have a significant tax impact for your heirs. Leaving retirement account assets to charity as part of your estate plan can be a tax-smart strategy.

Designate Charity as the Beneficiary of Your Retirement Account Assets

Reduce Taxes for Your Heirs

Consider If You:

- Intend to leave funds to charity at your death
- Have retirement assets

Leave Your Retirement Account Assets to Charity

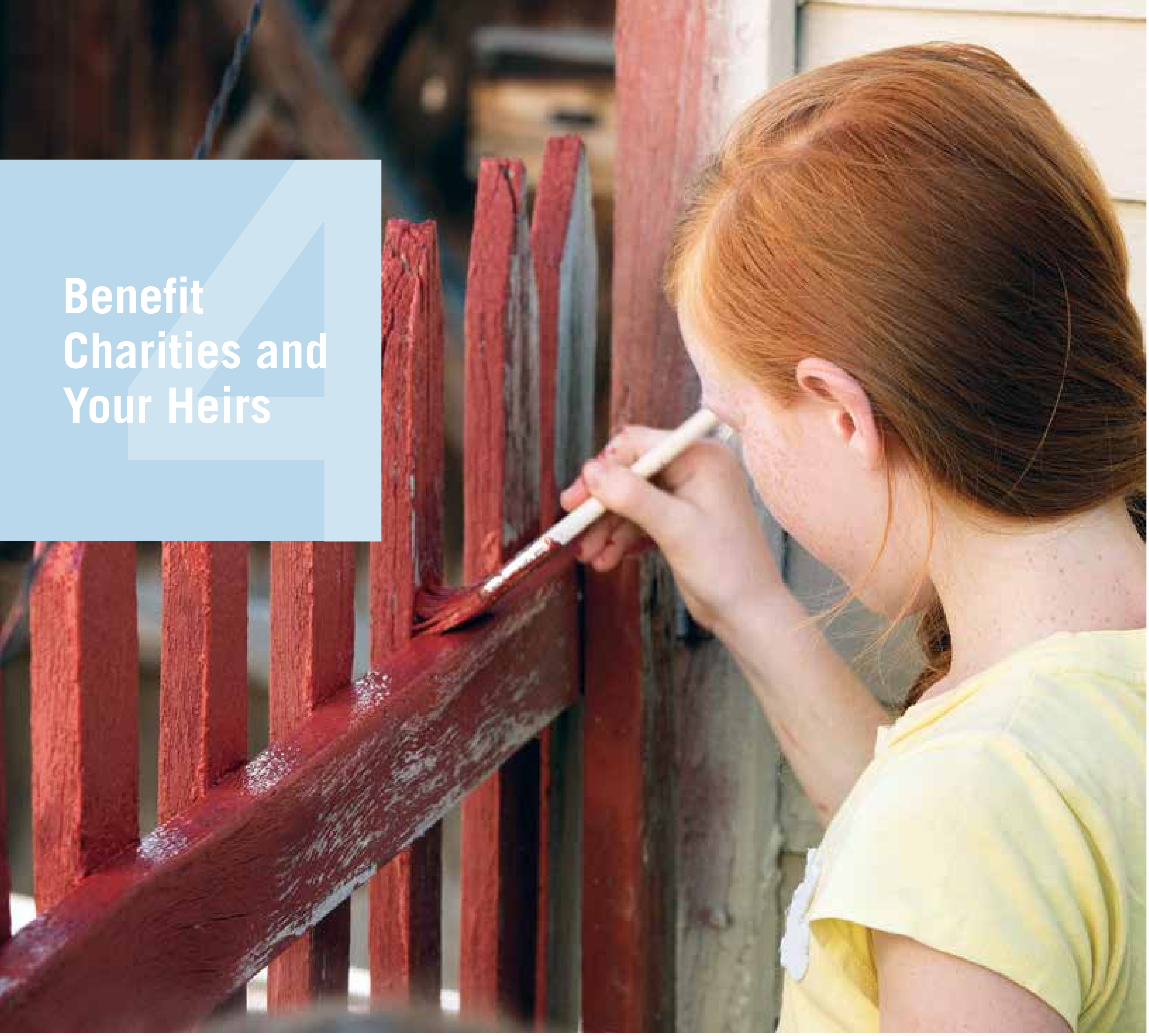
If you plan to leave money to charity as part of your estate plan, it is almost always better for your heirs if you use your retirement assets to fulfill the gifts before gifting your non-retirement assets.

Because the contributions you make to a qualified retirement plan such as an IRA or 401(k) are tax-deferred, your heirs will typically pay income taxes on any money they withdraw from the account after they inherit it from you.

And, if your estate is valued above the estate tax exemption amount, these assets may only reach your beneficiaries after being subject to estate tax. Ultimately, this means your heirs may receive less than 50 cents on the dollar from your retirement accounts, depending on their tax brackets and your estate tax situation.

In contrast, a charity is not subject to income or estate tax and will receive 100% of the funds.

Designate a Charity as the Beneficiary of Your Retirement Assets and Reduce the Tax Burden on Your Heirs



Benefit Charities and Your Heirs

Several trust structures are available to balance the competing interests of taxes, family and charity. Different trust types provide different benefits, but each can offer tax-effective results under the right circumstances.

Establish a Charitable Remainder Trust

Receive Income Now with Assets Dedicated to Charity in the Future

Consider If You:

- Would like to retain a stream of income from your donation
- Own assets that have appreciated significantly and you are planning to sell
- Are comfortable with an irrevocable trust

Receive a Current Tax Deduction, Generate a Stream of Income—and Benefit Charity

Charitable Remainder Trusts allow you to give funds to charity while retaining a stream of income for yourself or other individual beneficiaries—potentially for the rest of your or their lifetimes. You transfer assets into the trust, allowing the trustee to sell the assets tax-free and reinvest the proceeds in income-generating assets. You receive an established income stream (subject to income tax) for the term of the trust. At the end of the trust term the remaining assets go to charity. Contributions to Charitable Remainder Trusts can qualify for an income tax deduction based on the current value of the remainder interest going to charity.

Although irrevocable, Charitable Remainder Trusts can offer flexibility: You decide how the trust is designed, including the payout rate and the lifespan of the trust (subject to IRS limits) as well as the ultimate charitable beneficiaries. You can also reserve the right to change beneficiaries down the road.

Generate an Annual Income Stream and Donate Remaining Assets to Charity

Please note that designing charitable trusts is complicated and requires a detailed understanding of the donor's tax status. There are also legal and administrative costs that should be taken into account.

Establish a Charitable Lead Trust

Support a Charity Today and Benefit Your Heirs Tomorrow

Consider If You:

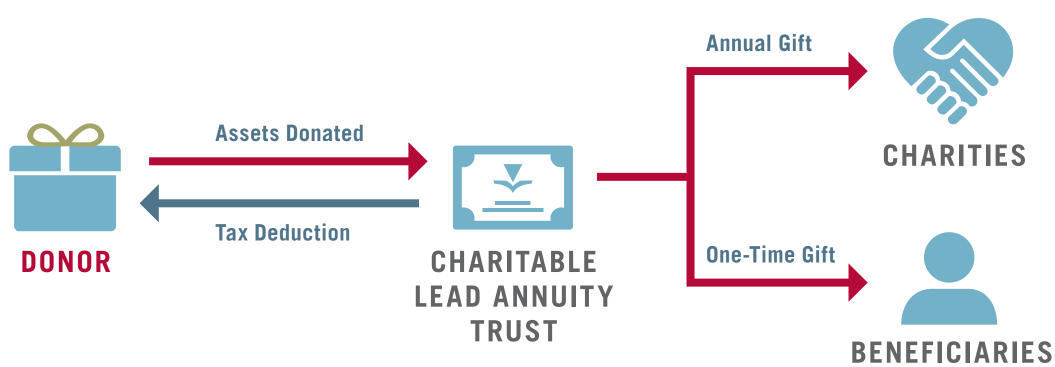
- Want to support a charity now and leave remaining assets to heirs
- Do not need current income
- Are subject to federal estate tax or have appreciating assets
- Are comfortable with an irrevocable trust

Receive a Current Income Tax Deduction, Provide Income to a Charity —and Benefit Your Heirs

A Charitable Lead Trust is often considered the opposite of a Charitable Remainder Trust because the specified charity receives the initial stream of income, while your heirs receive the amount that is left at the end of the trust's term. It can be created during your lifetime or as part of an estate plan.

Charitable Lead Trusts can be structured to provide the donor with an up-front charitable deduction as well as attractive gift and estate tax benefits: Any appreciation of assets above the IRS's assumed rate of return will be considered a tax-free gift to your heirs and not subject to federal estate taxes.

Provide Income to a Charity and Transfer the Remaining Assets to Heirs Tax Free



Please note that designing charitable trusts is complicated and requires a detailed understanding of the donor's tax status. There are also legal and administrative costs that should be taken into account.

Leave a Lasting Legacy

A private foundation is a powerful tool to convert your family's passion into financial and institutional support for your charitable goals. Private foundations can honor loved ones, bring a family together around a meaningful goal and create a lasting legacy.

Create a Private Foundation

Make a Long-Term Commitment, Leave a Lasting Legacy

Consider If You:

- Are interested in establishing a legacy of charitable giving
- Want direct family involvement in the grant-making process
- Are subject to federal estate tax
- Are comfortable with start-up costs and ongoing administrative and legal fees

Receive a Current Income Tax Deduction, Make a Longstanding Impact

Creating a private foundation is, in many ways, the most impactful and enduring form of charitable giving—often continuing for generations. If you are prepared to create and operate your own charitable organization, your foundation may become a key part of the charitable landscape around the causes you are most passionate about. It can also be a means to bring your family together around what's most important, from selecting grant recipients to crafting and overseeing the operations of the organization.

Like a Donor Advised Fund, a private foundation allows you to dedicate funds to charity now while selecting the organizations ultimately to receive the funds over, potentially, many years. Unlike gifts to a Donor Advised Fund or other public charities, gifts to private foundations are subject to lower income tax deduction limits (up to 30% of AGI for cash and 20% of AGI for appreciated securities) but the assets held in a foundation are typically intended to grow tax-free for years to come. Foundations pay an excise tax of 1% to 2% on their net investment income.

Foundations also are required to distribute approximately 5% of the foundation's assets each year to charity, and are subject to strict rules related to self-dealing, jeopardizing investments and excessive business holdings.

Fiduciary Trust Can Help You Build a Strong Foundation

In everything we do for foundations, from investment strategy development and specialized tax services to routine administrative services, our pledge is to put your interests first. We support your foundation's mission by supporting you.

- **Accessibility:** Our relationship managers, investment professionals and tax experts travel to the foundation's headquarters to meet with board members on a regular basis, and visit grant recipients for a look at the fruits of the foundation's labor. We ensure that the channels of communication remain open among all foundation stakeholders.
- **Careful Distributions:** Fiduciary Trust works to ensure that your foundation meets its annual distribution requirement (roughly 5% of assets) in a timely and efficient manner to avoid IRS penalties. We also help your foundation find a level of distribution that reduces the excise tax rate while maintaining a sustainable stream of distributions.
- **In-House Tax Expertise:** We are available to ensure that all tax obligations are met in a timely manner; including state and federal tax returns (Form 990-PF), paying quarterly excise taxes, withholding federal income, Social Security and Medicare taxes from foundation employee paychecks, and, if necessary, filing an "unrelated business taxable income" return.

- **Professional Investment Advice:** All portfolios are assembled and managed to meet the unique needs of each foundation, leveraging proprietary research from Franklin Templeton—a pioneer in international investing. We always consider the foundation's tax situation and cash flow requirements, balancing the need for discipline and flexibility.
- **Transparent Fees:** Our full menu of tax services is included in your foundation's investment management fee (for custodial clients, a nominal fee applies). Tax work is performed by an experienced team of professionals that is always available to answer your questions, on the phone or in person.
- **Preparing the Next Generation:** Fiduciary Trust helps foundations build formal succession plans that ensure a seamless transition when the time is right to elect a new board member. We also help foundations build contingency plans they can turn to when the unexpected happens.

Make a Substantial Impact, Leave an Enduring Legacy

Please note that designing a private foundation is complicated and requires a detailed understanding of the donor's tax status. There are also legal and administrative costs that should be taken into account.

Charitable Giving Snapshot

Charitable giving often evolves from a single contribution to longer-term commitments that are part of a formal wealth transition plan. This overview of the most popular giving strategies, from the most basic to the complex can help you determine which giving strategies can be most effective in achieving your goals.

Potential benefits for you or your heirs

	Income Taxes	Capital Gains	Estate Taxes	Choose Charity Later	Receive Income	Involve Family Members
Support a Charity Today						
Make outright gifts of cash	■		■			
Donate appreciated assets	■	■	■			
Send retirement account distributions directly to charity	■		■			
Invest for Charity						
Use a donor advised fund	■	■	■	■		
Rethink Retirement Assets						
Designate charity as the beneficiary of your retirement account assets	■		■			
Benefit Charities and Your Heirs						
Establish a charitable remainder trust	■	■	■	■	■	
Establish a charitable lead trust	■	■	■			
Leave a Lasting Legacy						
Create a family foundation	■	■	■	■		■

Our Services

INVESTMENT MANAGEMENT AND SOLUTIONS

- Investment Advice
- Investment Management
- Asset Allocation Strategy
- Portfolio Construction
- Risk Management
- Security Research
- Third Party Manager Search, Selection & Oversight
- Private Equity, Hedge Fund and Alternatives Investments
- Socially Responsible Investing
- Outsourced CIO

WEALTH PLANNING

- Trust and Estate Planning Strategies
- Financial Planning
- Retirement Planning
- Wealth Transfer Plans
- Advanced Tax Strategies
- Multi-Generational Planning & Stewardship
- Philanthropic Giving
- Family Advisory, Governance and Education
- Liquidity Management
- Access to Seamless Banking and Lending Solutions
- Insurance Review

WEALTH ADMINISTRATION

- Trust Administration
- Corporate Trustee Services
- Executor Services
- Estate Settlement and Administration
- Master Custody
- Tax Return Preparation
- Bill Paying
- Aggregated reporting

FIDUCIARY TRUST CAN HELP

Fiduciary Trust draws on 85 years of experience building tax-efficient giving strategies. To learn more, please contact us at (877) 384-1111.

FIDUCIARY TRUST COMPANY INTERNATIONAL is a global investment and wealth manager and a part of Franklin Templeton Investments, serving high net-worth individuals, families, endowments, foundations and other institutions. Fiduciary Trust provides the following services to clients throughout the world:

- Investment Management
- Charitable Giving
- Manager Selection and Monitoring
- Advanced Tax Planning
- Trust & Estate Planning and Administration
- Master Custody and Safekeeping

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