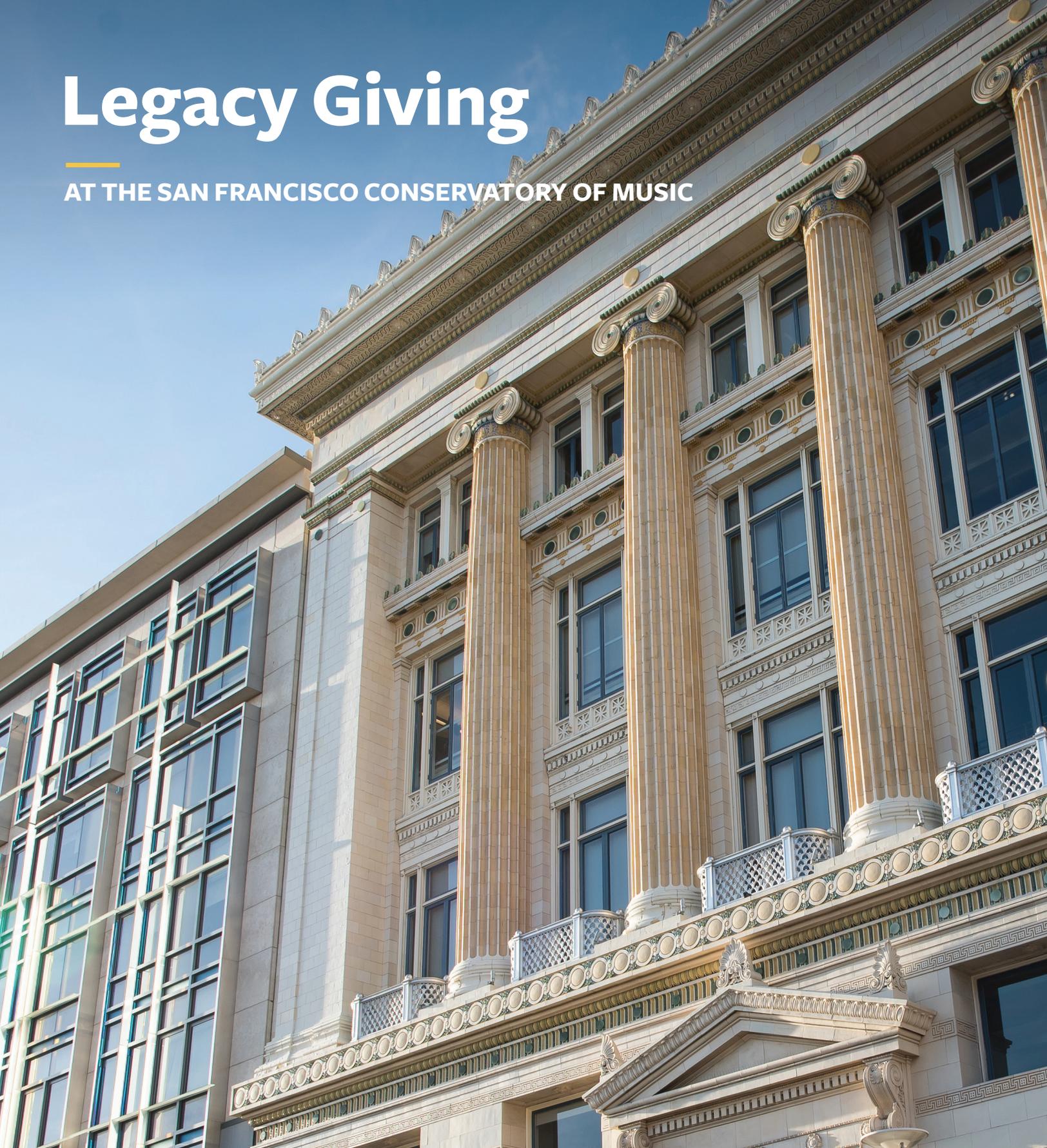


# Legacy Giving

AT THE SAN FRANCISCO CONSERVATORY OF MUSIC



**SFCM**  
SAN FRANCISCO CONSERVATORY OF MUSIC



*“Music is a more potent instrument than any other for education because rhythm and harmony find their way into the inward places of the soul.”*

*– Plato*



# The Art of Gift Planning

Gift planning is the art of combining financial, estate and tax planning techniques that enable donors to make gifts of surprising significance, often with dramatic tax and financial benefits.

Like any great musician, playing your part is a matter of making sure you start at the right time. Consider talking with the Director of Legacy Giving before you:

- > Sell investments - particularly at a profit
- > Make or amend your Will or establish a Living Trust
- > Sell your business, vacation or rental property, farm, land or other real estate
- > Roll over low-interest CDs or bonds at their maturity
- > Name beneficiaries for pension plans or life insurance policies

## BY USING GIFT PLANNING, YOU CAN:

Earn income, pay fewer taxes, and secure your retirement

Enhance your net estate for your heirs

Get more from your real estate

Create a personal and lasting legacy

# Make a lasting difference:

As a dedicated music lover, alumnus or friend of the Conservatory, it's likely that you have had the thought "I wish I could do more." With gift planning, you can ensure the future of music education by combining techniques that can help you to answer the 4 main questions:

- > What should I give?
- > How should I give?
- > When should I give?
- > Which program should I support?



## 01 PLANNING WHAT TO GIVE

You can obtain different tax benefits from giving different types of property. Donating highly appreciated stock allows you to deduct the fair market value, not just your original cost. This larger deduction and the ability to avoid capital gains taxes make these appreciated assets a particularly attractive funding option. Gifts of real estate, partial or otherwise, mutual funds, and other types of property, offer the same advantages. It makes good sense to leave "tax-burdened" assets like savings bonds and retirement accounts to SFCM allowing your heirs to avoid associated taxes.

## 02 PLANNING HOW TO GIVE

Support our capital, endowment, and scholarship campaigns through a bequest in your Will or Living Trust. Or structure a gift that pays you a lifetime income while SFCM receives the remainder. Let us help you find the best way to receive charitable deductions and other tax benefits while maintaining your financial security as you make a meaningful contribution to our future.



### 03 PLANNING WHEN TO GIVE

Like many donors, you may consider planning gifts at the end of the year to provide important tax deductions. Charitable contributions are most helpful in years when you have an unusual increase in taxable income from an inheritance, bonus, sale of a business, or a successful investment. Making any significant gift is best fulfilled through a well structured estate plan or a simple Will, Living Trust, or beneficiary designation on a life insurance policy or retirement account.



### 04 PLANNING WHICH PROGRAM TO SUPPORT

Your support can be directed to fulfill your personal philanthropic desires or can be left to the Board of Trustees to be applied wherever it is needed most (unrestricted). They can also be given in memory of a loved one, in someone's honor or designated to support a particular fund, department, or program so that they reflect your area of interest.

## STRATEGIC WAYS TO MAKE YOUR GIFT

# Turning Assets into Impact

## ASSETS

- > Cash
- > Appreciated Securities
- > Retirement Plan Assets
- > Life Insurance - outright or beneficiary designation
- > Personal Property - based on our Gift Acceptance Policy
- > Real Estate - residential, commercial, farm, or undeveloped land
- > Interests in a partnership, closely held or family business

## ESTATE GIFTS

### Bequests

Your Will or Living Trust is the most personal of documents and in many ways is a statement of what matters most to you in life. After providing for family and friends, many people focus on philanthropy towards the things that mean the most to them. SFCM is chosen to fulfill someone's philanthropic wishes because it supports both music and education, thereby ensuring that the art of making and composing music is supported for generations to come.

Whether this is your first gift or the culmination of a lifetime of joyful support, a bequest allows you to make

a gift to SFCM, receive an estate tax deduction for the amount of your gift, and leave a lasting legacy in a program or campaign that is the most meaningful to you.

### Sample bequest language

If you wish to include SFCM in your Will of Living Trust, the following language may be useful to you and your attorney.

*“I give to SFCM [the sum of \$\_\_\_] OR [\_\_\_ percent] of the remainder my estate to be used by the Board of Trustees for [its general purposes (“unrestricted”)] OR [for a specific campaign, endowment, scholarship or program] OR [according to a previous statement of donor intent already agreed to between SFCM and me].”*

### Life Insurance

Change the original use for your life insurance and consider making SFCM the beneficiary to support students in their education. You can do this by transferring an existing policy, retaining ownership but adding SFCM as a beneficiary or creating a new policy to benefit SFCM.

### Statement of Donor Intent

We strongly believe that donors' gifts should support the area/s of SFCM that are the most meaningful to them. We accomplish this by drafting a Statement of Donor Intent with you that specifies the intended use of the gift when it is received. We offer this confidential service at no cost or legal obligation, and if your interests or philanthropic desires change over your lifetime, you are free to modify this Statement of Donor Intent without redrafting your Will.

### Life Income Gifts

Life income gifts allow you to receive income from your asset as well as tax benefits, even after you commit them to SFCM. There are several gift strategies which offer special advantages and benefits:

- › They pay income to you or others you designate.
- › You receive an immediate income tax deduction.
- › You receive potential deductions or elimination of gift, estate and capital gains taxes.
- › You avoid or reduce capital gains if appreciated property is used to make a gift.

You can create any of the following gift plans during your lifetime or establish them in your Will. Work with your Estate Attorney to determine which life income gift works best for you.

### Charitable Gift Annuity

A charitable gift annuity is among the easiest and most popular methods of making a planned gift. You make a gift to SFCM and SFCM in turn promises to pay you an income for the remainder of your life at a fixed annual rate that is established at the time of your gift, based on age. After death, SFCM receives the remainder of the annuity which can be designated to a program of your choice or remain unrestricted.

A variation on this theme, is the Deferred Charitable Gift Annuity, which requires that income payments are deferred for at least one year and do not begin until an agreed future date (after you turn 60). This allows you to supplement future income on a tax-deferred basis when you may need it most.

### Charitable Remainder Trust

A Charitable Remainder Trust can be created in your lifetime or through your estate. The trust can be established for one or two lifetimes or for a term of up



to twenty years and provides you or those you select with annual income.

A Charitable Remainder Annuity Trust gives you fixed annual income while a Charitable Remainder Unitrust gives you variable annual income based on market adjusted asset value.

### Charitable Lead Trust

A Charitable Lead Trust is similar but the annual income is received by SFCM at a fixed or variable rate based on asset value, while reducing your tax costs upon transfer of the asset to your heirs.



## RETAINED LIFE ESTATE

You can receive a large charitable deduction by donating a residence while retaining the right to live there for a fixed term, the remainder of your lifetime or of your spouse. This can be your primary residence, vacation home or farmland and your deduction is taken upon transfer.

## HYBRID ESTATE GIFTS

Qualified Individual Retirement Accounts are taxable on transfer to your heirs. Once you have reached 72, one strategy to reduce taxable income is to use the Required Minimum Distribution as a Qualified Charitable Distribution (QCD), up to \$100,000 annually. Directing all or part of the amount required to SFCM, avoids a potential increase in your tax bracket which may jeopardize other income related benefits.

SFCM receives the maximum benefit of your gift while you avoid reporting this income on your tax return.

When you designate SFCM as the beneficiary you avoid the tax associated with the transfer to your heirs while providing funds for generations to come. You can replace the value of the gift with an insurance policy that transfers to your heirs tax free.

This strategy allows you to create a living legacy, enabling you to witness the full impact of your philanthropy during your lifetime, knowing that the remainder will continue to support students as your legacy gift.

### Example:

Let's say you are turning 72 this year and have a qualified IRA of \$1,000,000. You would have a Required Minimum Distribution of \$39,063 based on a distribution period of 25.6 years. This would appear on your tax return as taxable income, which could affect other benefits you are receiving. A tax smart alternative would be to transfer the full amount to SFCM as a QCD eliminating the income from appearing on your tax return. This amount could make a big difference to the annual fund, contribute to a scholarship or build up the endowment fund. If you designate SFCM as the account beneficiary, the remaining value of the IRA becomes your legacy gift which can fund an endowed scholarship in your name or in honor of a loved one.



# What you can support:

Support the fund that is most meaningful to you or wherever it is needed most.

- > Unrestricted
- > General Endowment Fund
- > General Scholarship Fund
- > Program specific

Endowed Scholarships are available for gifts of \$100,000 or more in a name of your choice. Contact the Director of Legacy Giving to discuss how your gift can support your philanthropic program far into the future.

## GIFT PLAN CHART

CHOOSE YOUR PLAN	Cash	Securities	Bequest or Trust	Retirement Assets	Life Insurance
YOUR GOAL	<p>Make a quick and easy tax-deductible gift for:</p> <ul style="list-style-type: none"> <li>• Annual support</li> <li>• The SFCM Endowment</li> </ul>	<p>Make a quick and easy gift:</p> <ul style="list-style-type: none"> <li>• Annual support</li> <li>• The SFCM Endowment</li> <li>• Avoid capital gains tax</li> </ul>	<p>Make a revocable gift now and retain assets during your lifetime</p>	<p>Avoid income tax and potential estate tax on IRAs or other retirement benefit plans</p>	<p>Make a significant gift using your unneeded life insurance policy</p>
HOW YOU MAKE YOUR GIFT	<p>Simply write a check or arrange an electronic funds transfer to SFCM</p>	<p>Contribute long-term appreciated stock, mutual funds, bonds or other securities to SFCM</p>	<p>Name SFCM in your will or trust. Designate for a:</p> <ul style="list-style-type: none"> <li>• Specific amount</li> <li>• Or percentage</li> </ul>	<ul style="list-style-type: none"> <li>• Name SFCM as beneficiary of the remaining assets after your lifetime</li> <li>• Donate unneeded withdrawals during lifetime (after age 59½)</li> </ul>	<p>Donate your unneeded life insurance policy to SFCM</p>
YOUR BENEFITS	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Remove property from taxable estate</li> </ul>	<ul style="list-style-type: none"> <li>• Current income tax deduction for full fair market value</li> <li>• Avoid capital gains tax</li> <li>• Remove property from taxable estate</li> </ul>	<ul style="list-style-type: none"> <li>• Control of assets for your lifetime</li> <li>• Remove property from taxable estate</li> </ul>	<p>Avoid income tax and any estate tax on plan distributions, leaving more favorably taxed assets for gifts to individuals</p>	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Option for future deductions through gifts to pay any policy premiums</li> </ul>

# Maximizing your Gift:

The staff of SFCM is available to answer your questions, provide you with gift illustrations or suggest language for your Will or Living Trust so that you may make a gift to benefit the fund or program of your choice.

LIFE INCOME GIFTS					
Charitable Gift Annuity	Charitable Remainder Unitrust	Charitable Remainder Annuity Trust	Charitable Lead Trust	Real Estate	Retained Life Estate
Supplement retirement income with fixed payments that are partially tax-free	Supplement retirement income with variable payments that can create a hedge against inflation	Supplement retirement income with fixed income	Reduce gift and estate taxes on assets you plan to pass to heirs	Make an outright gift or fund a life income gift with property no longer needed	Donate your personal residence, vacation home or farm now and continue to live there
Enter into a charitable gift annuity contract with SFCM and receive a fixed amount for one or two lives	Create a charitable trust that pays a fixed percentage of trust's assets, based on annual trust revaluation	Create a charitable trust that pays fixed annual income	Create a charitable trust that pays SFCM a fixed or variable income for a specific term of years; principal is retained for heirs	<ul style="list-style-type: none"> <li>• Donate all or part of the property to SFCM</li> <li>• Sell property to SFCM at a bargain price</li> </ul>	Deed ownership of your home to SFCM and retain occupancy
<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Fixed payments for life, often at a higher rate of return than other investments</li> <li>• Capital gains tax savings at time of gift if funded with appreciated securities</li> <li>• Partially tax-free payments</li> </ul>	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Receive variable income for life</li> <li>• Capital gains tax savings at time of gift if funded with appreciated assets</li> </ul>	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Fixed payments for life, often at a higher rate of return than other investments</li> <li>• Capital gains tax savings at time of gift if funded with appreciated securities</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces taxable estate</li> <li>• Your family keeps the principal, often with reduced gift taxes</li> </ul>	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Avoid capital gains tax</li> <li>• Remove property from taxable estate</li> <li>• Relief from property management</li> </ul>	<ul style="list-style-type: none"> <li>• Current income tax deduction</li> <li>• Lifetime use of residence</li> <li>• Remove residence from taxable estate</li> </ul>

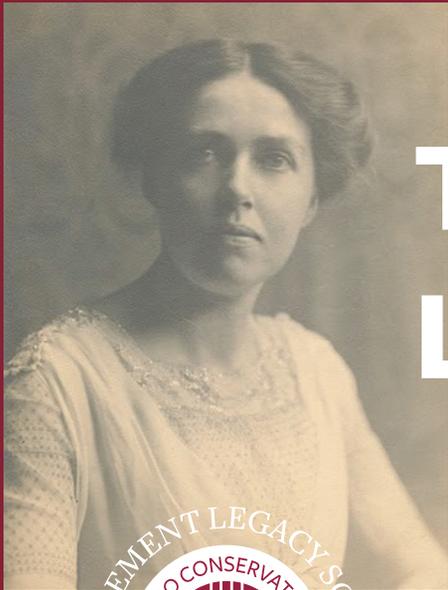
 **For any questions about the process of planning your gift,** please contact the Director of Legacy Giving on

 (415) 503-6201

 legacy@sfcmm.edu

 You can also visit our website at [www.sfcmm.edu](http://www.sfcmm.edu) where you will find a handy Gift Calculator to give examples of what might work for your personal situation.

The information in this material is not intended as legal or tax advice. For such advice, please consult an attorney or tax advisor. Figures cited in any examples are for illustrative purposes only. References to tax rates include federal taxes only and are subject to change. State law may further impact your individual results.



# The Ada Clement Legacy Society

The Ada Clement Legacy Society honors donors who help SFCM continue to develop the finest music curriculum in the world. From its inception in 1963, Ada's have helped to build new buildings, increased the endowment and supported thousands of students through scholarships and helped prepare them for the demands of a changing world.

Membership is offered to every individual or organization that has made an estate provision for SFCM as a planned or deferred gift commitment, regardless of amount.

As a member, you receive our Legacy Society lapel pin and an invitation to one of two exclusive events each year. You also receive a Society newsletter in the Fall and Spring highlighting particular events and performances, spotlights on students and faculty and exciting developments in our curriculum.



The website for the Ada Clement Legacy Society is [www.sfcm.edu/ada](http://www.sfcm.edu/ada)





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