

## Questions and Answers Pertaining to the German Society of Pennsylvania (GSP) Gift Fund

### Choosing the best vehicle for your contribution.

Q/A's provide answers to typical questions and for more details call the German Society

#### Vehicle for Giving

Direct Gifts to GSP

#### Benefits and Other Considerations

- Immediate benefit to GSP
- No associated costs
- Each donation gives a tax benefit

IRA Funds

- Use IRA funds to benefit GSP during your lifetime
- Significant tax savings as GSP receives funds free of tax obligations

Gifts at Death - Bequests

- Assets retained during lifetime
- Donations to GSP are deferred
- Easy to arrange; include GSP in wills and trusts

IRA Funds as Bequests

- Designate GSP as beneficiary of IRA funds
- Significant tax savings as GSP received funds free of tax obligations
- Easy to arrange; include GSP in wills and trusts

Insurance Policy

- GSP beneficiary of life insurance policy
- Simple to activate; specify GSP as beneficiary
- Donations to GSP are deferred

Pooled Income Fund

- Contributions partially deductible in current year
- Income stream to donor
- Easy to arrange, fees and expenses are low

Charitable Gift Fund

- Ability to consolidate charitable giving with one account
- Provides tax benefit in current year
- Donor directs amounts and select times when funds are to be given
- Fees and expenses are low

Charitable Remainder Trust

- Contributions partially deductible in current year
- Income stream to donor or other beneficiary, but not to GSP
- Residual assets eventually transferred to GSP
- Fees and expenses likely substantial

Charitable Lead Trust

- Assets return to donor or other beneficiary upon death, but not GSP
- Ongoing income stream for GSP
- Tax treatment is complicated
- Fees and expenses likely substantial

**Q/A's provide answers to typical questions<sup>1</sup>. For more details call the German Society of Pennsylvania**

Q. Who will manage my donations?

A. The expanded GSP Finance Committee, which includes two elected member representatives.

Q. How often will investments be reviewed?

A. At least quarterly. Investments will be managed conservatively, and professional managers will be used as warranted.

Q. Who provides oversight for these programs and what reports / information will be given to the membership?

A. The Auditing Committee will provide oversight and we expect to provide summary information to the full membership at least once per year.

Q. Can I designate my gift for a specific cause or project?

A. Yes provided it fits within the mission of the Society and scope of current or planned activities.

Q. If the project takes a number of years to complete, what will happen to my designated donation?

A. Funds will be kept in a reserved account, such as Vanguard or Fidelity, and used as the project proceeds and funds are required.

Q. Will I still be asked to make a donation to the annual fund drive?

A. Yes. We will use our annual fund drive to help cover yearly operating expenses, and this drive will remain very important to the Society's financial wellbeing.

Q. Is my donation tax deductible?

A. Yes. Since your donations benefit our Society, a 501 (c) 3 organization, your contributions are generally tax deductible under IRS provisions as long as you itemize your deductions.

Q. Will my non-restricted donation be used to meet current expenses or operational needs?

A. Possibly, but most of the funds will be directed towards major initiatives or capital projects.

Q. I would like to make a larger donation, but need some income stream to meet current expenses. Can this be done?

A. Yes. We recommend the Fidelity Pooled Income Fund, which has been designed to meet this purpose.

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<sup>1</sup> This document provides general guidance only. We strongly recommend you seek the advice of your tax accountant or lawyer for any estate-related questions and the inherent tax benefit consideration.

Q. Is there a Charitable Gift Annuity offered by GSP?

A. At this time we do not offer this option, but may at a later date.

Q. My father left me a number of shares of stock in a well-known company. Can this be used for a donation?

A. Yes. These shares are an excellent donation, especially since there should be a significant tax saving available to you when they represent stocks that have greatly appreciated in value. (The Society receives the shares at current market value and your tax benefit is calculated on that basis).

Q. Can I use funds in my IRA account to make donations to GSP?

A. Yes. In fact such donations will offer significant tax savings to you, and the Society will receive these funds at current market value.

Q. Can I list the Society a beneficiary in my will, or trust?

A. Yes. This is one of the best ways to make donations or honor someone in your family.

Q. Can I list the Society as the beneficiary of my life insurance?

A. Yes. This is another excellent vehicle, especially for insurance policies that are no longer needed to meet possible family emergencies.

Q. Can I establish an endowment in honor of my wife to benefit German language students at the high school or college level? Can I sponsor a lecture series, a music program or other activities of interest to the Society?

A. Yes. A number of possibilities come to mind. We suggest you contact the Society to discuss various options.

Q. We have been very fortunate in life. Can we establish a Charitable Remainder Trust (CRT)?

A. Yes. These can be complex and are typically prepared by your personal lawyer. A bank, an insurance company or an investment firm would manage the trust, prepare tax returns and pay you a monthly annuity. The Society would receive any residual assets upon your death. Again, we suggest you contact the Society to discuss various options. CRT's can be complicated to arrange and administer and for this reason, this option may be feasible only for major donations.

Q. Could we consider a Charitable Lead Trust (CLT)?

A. Under this option, the assets are returned to a designated beneficiary upon death. A lawyer usually drafts key documents, and also functions as trustee. The Society receives an income stream from the trust, but never receives the assets. Again, we suggest you discuss this possibility with the Society.

Q. We would like to consolidate our charitable giving and give us the flexibility to make routine donations to the Society. How might this work?

A. Donor-Advised Funds or Charitable Gift Funds are available from Vanguard, Fidelity and

other institutions and these are designed to give you the flexibility you may desire. Once you have established such a fund, all you have to do is to designate the Society as the beneficiary of any donations from the fund.

Q. May we donate appreciated assets?

A. Yes. The Society will work with most appreciated assets, real estate or other assets. For more detailed guidance contact the Society.

Q. Can the Society be a beneficiary of retirement or pension benefits?

A. Yes. You can designate the Society as a beneficiary of pension or retirement payments.

Q. What happens to any unused funds or commitments by the Society, should the Society close its doors and go out of business?

A. We hope this would never happen. However, if it does happen, any unused funds or commitments made to the Society would transfer to a successor non-profit organization with a mission similar that of the German Society of Pennsylvania. Preference will be given to organizations in the surrounding states.