

focus on the future

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Peter A. Frid
CEO and General Manager

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- Create Your Own Good News in Challenging Financial Times: 7 Charitable Year-End Strategies
- Send for our complimentary booklet, [A Philanthropist's Guide to Federal Taxes 2008](#).



"The future belongs to those who believe in the beauty of their dreams."
– Eleanor Roosevelt

Welcome to the fourth issue of New Hampshire Public Television's planned giving newsletter, *Focus on the Future*. In this issue, we invite you to think about what's important to you, the people and activities you are grateful for in your life, and what kind of legacy you envision for yourself. Personally, I want to ensure that my family is taken care of and that my grandchildren receive a good education. I also want to ensure that our family values and traditions continue, which includes keeping public broadcasting a valued institution for generations to come. As supporters of NHPTV, perhaps you and I share some of the same priorities for our legacies. If so, please allow us to help you plan a legacy that includes providing for you, your family, and NHPTV.

In this issue we provide several ways to prevail over this year's economic climate by taking charge of the most powerful—and often one of the most overlooked—areas of financial and tax

planning: charitable gift planning. Using the plans outlined in this newsletter, you can realize your hopes of creating your legacy, while also maximizing your tax savings and even significantly increasing your spendable income, depending on your personal and philanthropic goals.

We can help you plan your gift to NHPTV in a way that will allow you to make a tremendous difference to your family, your community, and to public broadcasting.

Thank you for your support of NHPTV, for now and into the future, so that we can continue to be part of your family values and traditions.

With warm regards,

Peter A. Frid
CEO and General Manager

Create Your Own Good News in Challenging Financial Times

7 Charitable Year-End Strategies

In the newspaper, on television, on the Internet—stories about the challenges facing the American economy are everywhere.

We have been buffeted about on the waves of rising gasoline prices and falling returns on income-producing investments. We have been bounced through the crests and troughs of an up-and-down stock market. Most of us are ready for some good news.

In the midst of these economic challenges, charitably minded people have ample reason to take heart. While unable to drive down the cost of gasoline, there are strategies to brighten your own personal economic forecast—strategies that can even take advantage of some of the current economic challenges.



A woman at this **Antiques Roadshow** is speechless after learning that her painting could be worth as much as \$200,000. Remember that you can make gifts of your tangible personal property to NHPTV.

In essence, you can create your own good news—if you incorporate the right strategies into your year-end tax planning.

In this issue of *Focus on the Future*, we examine seven of the most powerful and most creative strategies that you can use before year-end.

1. Cut Your 2008 Tax Bill While Supporting NHPTV

A gift to NHPTV by December 31 will not only enable you to make an investment in our mission, it can also allow you to slash your federal tax obligation this year. If you itemize your deductions for federal tax purposes, the amount you save will depend on your marginal federal income tax bracket.

Example: Joe and Donna expect to have taxable income of about \$250,000 in 2008, which puts them in the 33% federal tax bracket. They decide to make an unrestricted gift of \$20,000 to support NHPTV's operating budget this year.

Result: This gift saves Joe and Donna \$6,600 in federal income tax (\$20,000 x 33%). **Note:** They may be able to save state income tax as well.

2008 Federal Income Tax Rate Schedule

Rate	Taxable Income	
	Single Taxpayers	Married, Filing Jointly
10%	\$0 - 8,025	\$0 - 16,050
15%	\$8,026 - 32,550	\$16,051 - 65,100
25%	\$32,551 - 78,850	\$65,101 - 131,450
28%	\$78,851 - 164,550	\$131,451 - 200,300
33%	\$164,551 - 357,700	\$200,301 - 357,700
35%	\$357,701+	\$357,701+

2. Plan Your Charitable Gift to Do Double Duty—Give Appreciated Assets

In most cases, if you give appreciated assets that you have held for more than one year, you can deduct the full fair-market value and avoid capital gain tax.

Example: Karen makes a gift to NHPTV of stock worth \$50,000 purchased seven years ago for \$12,000.

She is allowed a deduction for the stock's full \$50,000 value, which saves her \$16,500 in her 33% bracket. In addition, she avoids \$5,700 in capital gain tax she would have owed had she sold the stock.

Total savings: \$22,200.



This Old House host Kevin O'Connor poses with the Day family at an NHPTV event at Bensonwood in Walpole, N.H.

3. Make a Gift, Recoup Your Investment, and Save Taxes

In some cases it may be more convenient or beneficial to use a noncash asset to fund your gift, but you may not want to part with its entire value. One strategy to reach your giving goal is simply to sell the asset to NHPTV at a bargain price.

Example: Frank wants to make a gift to NHPTV of a parcel of undeveloped real estate worth \$300,000. He sells the land to us for \$100,000 to recover his original investment.

Results: Frank can claim a charitable deduction for the difference between the full fair-market value of the land and the amount he receives in payment (\$300,000 minus \$100,000). This \$200,000 deduction saves Frank \$70,000 in his 35% tax bracket.

Frank will have to report a capital gain of \$66,667 (one-third of the \$200,000 gain) and pay capital gain tax of \$10,000. But he will avoid tax

on the other two-thirds of his gain, saving \$20,000 in capital gain tax.

There are special rules that apply to certain types of property. Be sure to check with your tax advisor as you plan your year-end giving.

4. Fund Future Gifts with Your "Deduction Chain"

Did you know that it is possible to use the tax savings from your initial gift as your source of funds for future gifts? You can actually avoid future out-of-pocket cost and increase your giving potential by 50% simply by "regifting" your tax savings.

Chain Funding a Gift		
Year	Gift	Tax Savings
1	\$100,000	\$ 35,000
2	\$ 35,000	\$ 12,250
3	\$ 12,250	\$ 4,288
4	\$ 4,288	\$ 1,500
TOTAL GIFT		\$151,538

For instance, if you make an initial \$100,000 contribution and are in

the 35% federal tax bracket, your gift can compound into more than \$150,000 of benefit to NHPTV in just four years. How? Each year, you simply use the previous year's tax savings to fund the next year's gift.

5. Increase Your Cash Flow

With the current low interest rates on traditional investments, you may find that this is a perfect time to consider creative charitable planning strategies that allow you to make a gift, generate a charitable deduction, and receive payments based on the value of your contribution.

Collectively, these are called life-income gifts. There are various options available to generate income

for life; one of the most popular and versatile is the charitable gift annuity.

The amount of income from a gift annuity depends on the amount of the contribution and the age(s) of the beneficiary(ies).

Benefits of a \$100,000 Charitable Gift Annuity				
Beneficiary (ies) Age(s)	Annual Rate	Annual Payment	Tax-Free Amount*	Charitable Deduction*
65	5.7%	\$ 5,700	\$3,289	\$34,546
70	6.1%	\$ 6,100	\$3,782	\$39,880
75	6.7%	\$ 6,700	\$4,449	\$44,840
80	7.6%	\$ 7,600	\$5,358	\$49,611
85	8.9%	\$ 8,900	\$6,755	\$54,085
90	10.5%	\$10,500	\$8,316	\$59,254
65-65	5.4%	\$ 5,400	\$3,056	\$23,897
70-70	5.6%	\$ 5,600	\$3,388	\$30,518
75-75	6.0%	\$ 6,000	\$3,888	\$36,246
80-80	6.6%	\$ 6,600	\$4,567	\$42,018
85-85	7.4%	\$ 7,400	\$5,461	\$48,135
90-90	8.7%	\$ 8,700	\$6,716	\$52,997

* Based on 4.2% IRS discount rate (announced monthly)

6. Plan for Your Future Retirement Income

If you like the idea of making a gift by means of a charitable gift annuity, but don't want or need any additional income now, consider making a current gift and delay receiving the income.

This is known as a "deferred" charitable gift annuity. You can make a gift now and designate the time in the future when income payments are to begin.

Advantages: The total annual amount of the income payments that will be made when payment starts goes up substantially, and the amount of the charitable income tax deduction is much higher than that for an immediate-payment annuity.

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Example: Alex, a successful professional who is 45, decides to contribute \$50,000 for a deferred gift annuity that will begin paying him when he retires at 65. His gift generates a charitable income tax deduction of \$19,546, and Alex will receive income of \$7,150 each year beginning at the age of 65.

If he had made his gift in exchange for an immediate annuity, his deduction would have been \$9,647 and his annual income would have been \$2,350.

7. Trade Your "Income Interest" for a Major Deduction

If you have already funded a life-income gift with NHPTV and find you no longer need the additional income, this may be an opportune time to give up that life-income interest and generate another charitable deduction.

Reason: The value of an income interest goes up when the IRS discount rate is down.

Relinquishing an Annuity		
Beneficiary's Current Age	Annual Annuity	Charitable Deduction
75	\$7,000	\$57,630
80	\$7,600	\$50,389
85	\$8,400	\$43,336

Example: Several years ago when the IRS discount rate was 6.2%, Robert took out a \$100,000 gift annuity with NHPTV and we promised to pay him \$7,000 annually for his lifetime. He also received a charitable deduction of \$36,519 and saved \$14,279 in taxes at that time.

Robert is now 75 years old and no longer needs the annuity income we

are paying him. He wishes to give up his right to receive the payments and inquires about the tax consequences.

At the current IRS discount rate of 4.2%, the present value of his right to receive \$7,000 a year from NHPTV is \$57,630. Had the discount rate stayed at 6.2%, the value would have been \$51,187—substantially less.

By giving up the annuity income, Robert will be entitled to an equivalent charitable deduction of \$57,630 that will save him \$20,171 in taxes this year. This means Robert is able to make a \$100,000 gift to NHPTV at a cost of only \$16,550 (\$100,000 less [\$34,450 total tax savings + \$49,000 income over the last seven years] = \$16,550). And NHPTV will be able to use the released funds immediately.

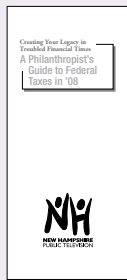
Make Your Moves Now

The remaining days of 2008 will pass quickly. We encourage you to get started right away on the year-end strategies that best fit your situation.

To assist you in your planning, we would like to send you a complimentary copy of

our booklet, **A Philanthropist's Guide to Federal Taxes 2008.**

To receive your copy, just return the enclosed card or call our office.



You should consult your attorney about the applicability to your own situation of the legal principles contained herein.



Romeo et Juliette was one of 14 operas transmitted live in HD to movie theaters around the country, including Portsmouth, N.H., as part of the **Great Performances at the Met** series. The programs also aired on NHPTV.

Contact Me to Learn More



Shelley Mitchell, M.B.A.
Manager of Major and Planned Giving
NHPTV
268 Mast Road
Durham, NH 03824-9987
(603) 868-4397
(603) 868-7552 fax
smitchell@nhptv.org
www.nhptv.org/plannedgiving

