



Free the Kids
HELPING HAITI'S CHILDREN

A GUIDE TO FREE THE KIDS PLANNED GIVING PROGRAM



What is more liberating than the knowledge that you are loved? “This is what we do here – create a place of security and love where children can be freed from their worries, their memories of trauma and abandonment, their feelings of being rejected and worthless so they can become wholesome and healthy and moral individuals.”

Father Marc Boisvert,
founder Pwoje Espwa
Sud

Dear Friends,

Thanks to God and to our generous donors who leave us planned gifts, we've come a long way since 1998. At Hope Village much has been accomplished but there is still much more to be done. We have raised money for medical and dental clinics so that our children get the proper care they deserve. We built a vocational training center where we teach the boys and girls practical skills that some day will enable them to earn a living. We have added a pre-school so that the children can get an early start on education. The farm continues to evolve and provide more and more crops each year. There are always projects in the works and through this website, people like you can help us spread the word to make them come to fruition.

Hope Village provides hundreds of children with shelter, food, clothing, education, basic medical care and a family. But what we really offer the children of Southern Haiti is HOPE. Your generosity allows us to make a huge difference in the lives of thousands of poor children. In the name of the kids, thank you. In the name of the staff down in Haiti, thank you. In the name of all those involved and committed to help free the children from poverty, thank you. Bondye ap beni nou!!

Father Marc



Free The Kids Planned Giving Program

Careful financial planning can be beneficial to you and your heirs and allow you to leave an enduring legacy to support Free the Kids and our work in Haiti for future generations.

There are many ways you can leave a legacy to sustain Free The Kids work in Haiti while at the same time providing yourself and your family (or other beneficiaries) with significant tax benefits. In addition to outright, tax-deductible cash gifts, there are other creative ways to give, including:

- **Gifts of stock or other assets**
- **A bequest in your Will**
- **A beneficiary designation on a life insurance policy, 401(k) plan or IRA**
- **Life Income Gifts**
- **Charitable Lead Trusts**

Planned gifts can offer many advantages to help you to meet your overall financial goals, and help Free The Kids in its long-term financial planning. They can also provide special opportunities that enable the organization to strengthen and improve its programs.

Please be advised that the information provided in this Free The Kids Planned Giving Program Guide is not intended as tax or legal advice, but as accurate and authoritative general information on planned giving. For legal advice, please consult with your attorney and/or tax advisor.



GIFTS OF APPRECIATED ASSETS

Donating appreciated assets is a simple way to make a sizable gift to Free The Kids while avoiding capital gain taxes on the appreciation. It also provides an income tax deduction in the year of gift.

GIFTS OF STOCK AND REAL ESTATE

Gifts of long-term appreciated stock, mutual funds or real estate offer an easy and tax-efficient way to make a lasting contribution to Free The Kids. Your gift will help to sustain the Mission and vision of Free The Kids while avoiding capital gain tax and reducing federal income tax.

In general, when a person sells an appreciated asset, he or she must recognize capital gain on the sale of such property. For example: Let's say you purchased \$4,000 worth of ABC Stock, which is now worth \$10,000. If you sold the stock, you would generally be required to pay taxes of \$900. If, instead, you gift the ABC Stock to Free The Kids, you will avoid the \$900 in capital gain, and also be entitled to take a charitable deduction of \$10,000 on your federal income tax return, saving \$2,800-\$3,700 in federal income taxes (depending on your tax bracket). You would also save in state taxes as well. Essentially, you could make a \$10,000 gift to Free The Kids— one that would “cost” you less than \$5,500 to do!

To ensure you are entitled to receive the most beneficial tax treatment, please contact us BEFORE you sell your securities.

GIFTS OF TANGIBLE PERSONAL PROPERTY

As with gifts of stock and real estate, a donor will be entitled to a deduction as a result of a contribution of personal property to Free The Kids. However, the deduction will be based on whether the item donated is related to our mission. If the gift you make is used in furthering our mission, you will receive a charitable deduction for income tax purposes for the full fair-market value of the property donated. But if you decide to give us artwork, jewelry, or other non-mission related property, you receive an income tax charitable deduction equal to your cost basis in the asset (typically the amount you paid for the property).

CHARITABLE BEQUESTS PROVIDED IN YOUR WILL

A charitable bequest in your will is one of the simplest ways to provide continuing support for Free The Kids.

One of the simplest ways to provide an enduring gift of support to Free The Kids is through your Will or Revocable Living Trust. By including Free The Kids in your estate plans, you can specify that some or all of your assets come to us after your lifetime. At that time, the asset(s) you specify will pass to us, and your estate can take a charitable deduction for the amount of your bequest, reducing the estate taxes payable.

TYPES OF BEQUESTS AND SAMPLE WORDING

There are several types of bequests that allow you to designate how your estate will be distributed:

Specific Bequest

A specific bequest is a provision in your Will that allows you to leave a specific amount or specific asset to Free The Kids, such as an outright gift of cash, securities, or other property. An example of a provision that could be included in your Will would be: "I bequeath to Free The Kids the sum of \$_____ (or _____ % of my estate; or the property described herein) for its general purposes."

Residuary Bequest

A residuary bequest is honored after all other bequests have been made, and all debts, expenses and taxes have been paid. For example, you could provide that certain family members receive a certain portion of your estate, and that debts, expenses and taxes must be paid, and you could also provide that: "I give all the rest, residue and remainder of my estate to Free The Kids for its general purposes."

HOW TO NAME US IN YOUR WILL OR TRUST

If you choose to include Free The Kids in your Will or other estate plan, we should be named as:

Free The Kids, a nonprofit corporation, organized and existing under the laws of the State of New Jersey, and with the principal business address of 2303 W. Market St. Greensboro, NC 27403.

Our tax identification number is **22-3741436**.

Contingent Bequest

A contingent bequest is made only if certain conditions are met. For instance, if your primary beneficiary does not survive you, you can indicate your next choice through a contingent designation. An example of such a provision would be: "I give all the rest, residue and remainder of my real and personal estate to my husband, Robert, if he survives me; if he does not survive me, then fifty percent (50%) of my estate shall be distributed to my children, then living, by representation and fifty percent (50 percent) to Free The Kids for its general purposes."

Such bequests may be included in any new Will or Trust that you put in place. Your estate planner may also draft a codicil to your existing Will or an amendment to your existing Trust to provide for a charitable contribution.

With any of the above bequests, you may specify that your gift be used to support a specific program at Free The Kids rather than for general purposes. However, before doing so, please contact us to discuss program details and appropriate bequest wording.

A benefit to providing for a bequest in your Will, rather than making an outright gift, is that you may change your mind and bequest at any time.

BENEFICIARY DESIGNATIONS

Free The Kids accepts gifts of life insurance as the beneficiary of your policy. We also may be named as the beneficiary (primary or contingent) on your retirement accounts. In addition to providing you with the tax advantages described below, beneficiary designations are a quick, hassle-free way to make a gift. Changing your beneficiaries is easy: You may simply contact your insurance carrier or employer/plan administrator and request a beneficiary form. As with bequests, you have the freedom and flexibility to change your mind and your beneficiaries at any time.

DESIGNATING FREE THE KIDS AS A BENEFICIARY OF AN INSURANCE POLICY

You can name Free The Kids as primary beneficiary of your life insurance policy or as contingent beneficiary, should your other beneficiaries not survive you. After your lifetime, the benefits from your policy would pass to Free The Kids free of federal estate tax. To establish this type of gift, you simply request a "Change in Beneficiary Designation" form from your insurance agent.

DESIGNATING FREE THE KIDS AS A BENEFICIARY OF YOUR PENSION PLAN, 401(K)OR IRA

By naming a charitable organization as beneficiary of your retirement plan, you may save your beneficiaries money in federal taxes on many levels. First, designating Free The Kids as the beneficiary will remove the value of the retirement assets from your gross taxable estate. Additionally, because contributions to your retirement plan were likely not subject to income taxes at the time of contribution, nor were taxes payable as they appreciated in value over the years, distributions that a beneficiary receives from a retirement plan will be subject to federal income taxes upon receipt. However, since Free The Kids is a nonprofit and is exempt from taxes, it is not required to remit any portion of the distributions to the Internal Revenue Service. For example, let us assume that Sally owns a 401(k) account that has a value of \$50,000 at the time of her death, and that she designated her niece, Linda, as beneficiary. If Sally's estate is taxable, Linda may only be entitled to as little as \$30,000 in distributions. Further, as Linda received distributions from the 401(k) plan, she would be required to pay *income* taxes on such

In addition to providing you with certain tax advantages, beneficiary designations are a quick, hassle-free way to make a gift.



Designating a charitable organization as a beneficiary of a retirement plan gives you a lot of “bang for the buck.”

distributions, and therefore would likely only receive a net benefit of \$20,000, depending on her income tax bracket. However, Free The Kids, as a charitable organization, would receive benefit from the full \$50,000, as compared to only \$20,000. In addition, Sally’s estate would receive an estate tax charitable deduction for gifting the 401(k) to Free The Kids. Designating a charitable organization as a beneficiary of a retirement plan gives you a lot of “bang for the buck.”

Your age, assets, and income objectives will help you to determine the best type of Life Income Gift.

LIFE INCOME GIFTS

A Life Income Gift is a highly effective way to contribute assets to Free The Kids, while allowing you to keep an income for yourself and others for the remainder of your life, their lives or a fixed term of years. To create a Life Income Gift, you make an irrevocable gift of cash, securities or real estate to Free The Kids, and in return, receive an income (fixed or variable, depending on the option you choose). After your lifetime and/or the lifetime(s) of other designated beneficiaries, the remaining balance of your gift would be used to support Free The Kids. Your age, assets, and income objectives will help you to determine the best type of Life Income Gift. A fixed income option would be a Charitable Remainder Annuity Trust (CRAT), while a variable income option is the Charitable Remainder Unitrust (CRUT).

CHARITABLE REMAINDER ANNUITY TRUST (CRAT)

A CRAT allows you to secure a steady stream of income and reduce your taxes while helping to support Free The Kids. To create a CRAT, you place assets into an irrevocable trust and name a trustee (for example, Free The Kids, or a bank trust department). The trustee invests the assets (which can grow tax-free) and pays a fixed dollar amount to the trust beneficiaries (yourself, your spouse, your children, or whomever you designate) for life or for a set term of years. When the last income beneficiary dies or the trust's term ends, the trust dissolves, and the remaining assets are distributed to the charitable beneficiary.

This option may be the right one for you if you are concerned about meeting your current financial needs.

The longer the income stream is distributed to you and your family, the less of a taxable deduction you are entitled to. However, the deduction may be taken in the year the assets are transferred to the CRAT, and you need not wait until the assets are actually distributed to the charitable organization.

CHARITABLE REMAINDER UNITRUST (CRUT)

A CRUT works the same way as the CRAT, with this main distinction: the income distributed is not a fixed amount. Instead, with a CRUT, you or your family receive a lifetime or term income that is a percentage (by law, a minimum 5 percent) of your trust's assets valued annually. Income payments increase or decrease with the changing value of the trust.

The unitrust provides a potential hedge against inflation as income payments may rise over time. In addition, the unitrust can be structured to defer income and maximize growth (for retirement planning, for example) or to handle specific types of assets.

Another benefit to both the CRAT and CRUT is that no capital gain should be recognized by you upon contribution of appreciated property to the trust. Furthermore, you would be able to diversify your holdings within the trust without triggering capital gain.



CHARITABLE LEAD TRUSTS

A Charitable Lead Trust is an excellent way to give an immediate gift to Free The Kids while ultimately transferring assets to your loved ones.

If you have a sizable estate, wish to avoid taxes, and your heirs are generally taken care of for the foreseeable future, yet you wish to provide them with a substantial inheritance after your lifetime, a Charitable Lead Trust may be the right planned giving option for you. A Charitable Lead Trust is an excellent way to give an immediate gift Free The Kids while ultimately transferring assets to your loved ones — often with significantly reduced gift and estate taxes.

LIFETIME CHARITABLE LEAD TRUSTS

You establish a Charitable Lead Trust by transferring cash or appreciated assets, such as securities or real estate during your life, to a trust for the benefit of Free The Kids. The trustee may be the charity, a financial institution, you, or an individual of your choice. Your trust then provides annual income based on fixed dollar amounts (annuity trust) or a fixed percentage of the value of the trust (unitrust) to Free The Kids for a fixed period, usually 10 to 20 years. In the year you establish the trust, you would be entitled to receive a charitable tax deduction for the present value of the income that will be distributed to Free The Kids over the duration of the trust. This is particularly tax-advantageous, because you are entitled to the deduction up-front, rather than being required to wait until distributions to Free The Kids are actually made. Upon termination of the trust period, the principal transfers to your beneficiaries, enabling you to pass significant assets to family members with little or no gift or estate tax. It is possible, depending on your charitable desires, for Charitable Lead Trusts to be drafted so that there are no taxable gifts generated, even though your family members will eventually receive the assets. Amounts held by the Charitable Lead Trust should not be includable in your taxable estate.

TESTAMENTARY CHARITABLE LEAD TRUST

You may also establish a Charitable Lead Trust under the terms of your Will. This is an effective way to make a sizable gift to Free The Kids while reducing your estate taxes. Your Will or Revocable Trust would provide that either a certain portion of your estate assets (or the amount that would create a non-taxable estate) should be transferred to a charitable lead trust upon your death. As

with the lifetime lead trusts, there must be a fixed dollar amount (annuity trust) or a fixed percentage of the value of the trust (unitrust) that will be distributed to Free The Kids. There are a variety of somewhat complex requirements that must be met in order for a Charitable Lead Trust to provide you with the tax advantages discussed above. We invite you to contact us for details on implementation of the Charitable Lead Trust.





Thank you for your interest in leaving a legacy to help sustain the mission of Free The Kids: to help Haiti's abandoned and vulnerable children by nurturing them so they will live more productive lives.

The Free The Kids Development Department would be pleased to work with you and your financial or tax advisor to establish the planned gift(s) that are most appropriate for you to achieve your financial planning goals. Our communication with you about planned giving is strictly confidential and without obligation to you. For more information, please contact us.