



THE BELL

GIFT PLANNING NEWS FOR THE LFA COMMUNITY



SUMMER 2021

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LOOKING AHEAD

In the coming weeks and months, legislation may be considered in Congress that could impact charitable giving. Some areas that are currently being discussed: capping the charitable deduction, an increase in capital gains tax for certain wealthy individuals, an expansion of the current benefits of retirement giving and others.

While none of us has a crystal ball, it is important to consider the future—however uncertain that may be—when making your charitable plans today.

Earlier this year, a number of incentives to encourage charitable giving were signed into law, such as an above-the-line deduction for

cash gifts (\$300 individual/\$600 couples) and an increase in the limit for cash gifts for itemizers (from 60% to 100% of AGI). A qualified charitable distribution, or QCD, from an individual retirement savings account continues to be a tax-wise way for those 70½ and older to make their charitable gifts.

Regardless of whether you itemize deductions or not, there are a number of smart ways to make gifts to support your favorite charitable causes, including Lake Forest Academy, and receive significant tax benefits and savings this year. Contact us for more information or visit our gift planning website at lfa.givingplan.net.



ABCs OF DAFs

In recent years, donor-advised funds (DAFs) have been a fast-growing way to make thoughtful charitable gifts.

HOW DOES IT WORK?

- A DAF is an account with a charitable entity, known as a sponsoring organization, which may be a community foundation, an individual charitable organization or a charity established by a financial institution.
- An individual donates cash, stock or other appropriate assets to a DAF when circumstances are most beneficial from a tax standpoint.
- The contributor to the DAF then recommends (or advises) grants from the DAF to qualified charities. This can be done over time, depending on general parameters set by the sponsoring organization.

A DAF may be a better option than a family foundation, which generally requires substantial funding from at least one family member and may be complex to set up and expensive to administer. In many cases, second- or third-generation descendants can have very different philanthropic

priorities and find administration of a family foundation cumbersome. A DAF helps avoid these issues.

DAFs may be more accessible in terms of level of funding required and ease of administration. The sponsoring organization handles administration and the associated fees and tax reporting, preventing those tasks from being passed to future generations. As a result, DAFs can be a great tool for a family (or an individual) to structure their legacy giving.

With recent tax and economic changes, many people no longer itemize their deductions. With a DAF, an individual can bunch several years of charitable gifts into a single year, allowing them to itemize in that year. This also creates more time to consider the ultimate philanthropic use of the funds ... but one should not delay too long. In some instances, DAFs can slow the flow of important philanthropic dollars to organizations much in need.

We are grateful to those individuals who utilize a DAF to support Lake Forest Academy. If we can provide more information about giving in this way, please contact us.

MAKING A GIFT TO LFA

To make a gift to LFA from your DAF, contact your sponsoring organization to recommend a grant and give them the following information:

Our legal name:

Lake Forest Academy

Our federal tax ID #:

36-2216167

Our mailing address:

1500 W. Kennedy Road
Lake Forest, IL 60045

THE RICHARDS & TREMAIN SOCIETY

The Richards & Tremain Society was founded in 1988 to recognize those members of the LFA community who have made provisions for LFA in their estate plans. The Richards & Tremain Society is named for Mr. John Wayne Richards, headmaster of Lake Forest Academy from 1913 to 1941, and Miss Eloise Tremain, Ferry Hall's principal from 1918 to 1945. Their legacies of strong, effective leadership have shaped the future of the school in many ways. Membership in the Richards & Tremain Society recognizes gift planning that will benefit LFA and will leave a lasting and important legacy.



Mr. John
Wayne Richards



Miss Eloise
Tremain

ENDOWMENTS MAKE THE GRADE

Those who support educational institutions have long been attracted to the concept of endowments—and for good reason. For schools like Lake Forest Academy, endowment gifts provide support for need-based scholarships, faculty professional development, faculty chairs, ongoing operational support and more. LFA is currently in the midst of the \$20 million *Inspire & Invest Initiative*, designed to encourage endowed investment in its most important asset—its people.

Fittingly, an endowment gift often pays tribute to, or is created in memory of, a special person or family, and an endowment gift can be made as:

- An outright gift during life.
- A deferred gift (such as a bequest through a will or trust).
- A combination of both (such as a bequest that is added to an outright gift).

BY THE NUMBERS

In general, the original gift—or principal—remains untouched in order to bring perpetual financial stability to the charitable beneficiary. A portion of

YOUR BEQUEST CAN MEMORIALIZE YOUR ANNUAL CONTRIBUTIONS*

If Your Annual Gifts Total:	\$1,000	You Can Perpetuate Them With a Bequest of at Least:	\$25,000
	\$2,000		\$50,000
	\$3,000		\$75,000
	\$5,000		\$125,000
	\$10,000		\$250,000
	\$20,000		\$500,000
	\$50,000		\$1,250,000

*A 4% annual return on your bequest, as represented in this table, would ensure that you can always continue your thoughtful annual contributions.



the investment return from an endowment provides a source of income that generally is used to meet regular operating expenses or to fund specific programs of the designated endowment charitable beneficiaries.

Friends who have supported our efforts during their lifetimes often wish to see that support continue. An endowment allows that to happen. As the chart on this page shows, a \$250,000 gift from an estate, for instance, can endow an annual \$10,000 gift to charity in perpetuity, assuming a 4% return. LFA's prudent investment guidelines encourage endowment growth, meaning your contribution has an increasing impact over time.

COORDINATE WITH PROFESSIONALS

To avoid potential pitfalls, we strongly advise individuals speak with a member of the Advancement staff before finalizing an endowment commitment—and especially an endowment commitment created from an estate gift. For more information about endowing student scholarship and faculty support and to view alumni videos, please visit www.lfanet.org/inspire or contact Garry Sloan at gsloan@lfanet.org or 847-615-3287.

FULFILLING TWO GOALS

Imagine the satisfaction of providing meaningful support to Lake Forest Academy for years to come while still taking care of loved ones. Consider these ideas:

1. A gift through your will or living trust is a convenient way to continue to support LFA while still maintaining control of your assets during your lifetime.

2. Gifts of what remains in retirement plan accounts can be among the easiest to arrange.

You simply designate a charity, such as LFA, to receive all or a portion of the balance of these funds when you no longer need them. This may allow you to give more than you ever thought possible while leaving heirs other assets that may be taxed at lower rates.

3. Gifts of a life insurance policy or proceeds of a policy that are no longer needed to protect a loved one can also be an excellent way to give. Additionally, a gift of insurance can be an excellent way to endow your lifetime support for LFA in perpetuity.

4. A gift that provides you with generous, guaranteed lifetime payments along with immediate tax savings can be another approach by which to give to LFA while maintaining or enhancing financial security.

5. Giving in honor of those who have touched your life demonstrates your love, admiration and lasting values.

For more information about supporting LFA through charitable gifts, please contact us.

SAMPLE BEQUEST LANGUAGE:

I give, devise and bequeath to Lake Forest Academy, a not-for-profit organization located in Lake Forest, Illinois, _____ percent (%) of the rest, residue and remainder of my estate [or \$ _____] as an unrestricted gift to be used at the discretion of the Board of Trustees of Lake Forest Academy for the general purposes of Lake Forest Academy (tax ID#: 36-2216167), located in Lake Forest, Illinois.



LAKE FOREST ACADEMY

Midwestern Heart. Global Mind.

Garry Sloan | Advancement Department

Lake Forest Academy | www.lfanet.org

847-615-3287 | gsloan@lfanet.org

1500 W. Kennedy Rd., Lake Forest, IL 60045

The purpose of this publication is solely educational, namely to provide general gift, estate, financial planning and related information. It is not intended as legal, accounting or other professional advice, and you should not rely on it as such. For assistance in planning charitable gifts with tax and other implications, the services of appropriate and qualified advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Consult a tax and/or accounting specialist for advice regarding tax and accounting related matters. © Copyright 2021 by Sharpe Group. All Rights Reserved.