

Sri Siva Vishnu Temple Endowment

Strengthening SSVT through tax-advantageous charitable donations

An endowment has been established by SSVT to foster Hindu Education and Culture and to ensure the financial safety and stability of SSVT for the future. More details about the endowment are available at <http://www.ssvt.org/Home/endowment.asp>.

You do NOT need a will to contribute to SSVT endowment, although it is better to create one than to let estate laws handle it for you.

The various ways in which a devotee can make charitable contributions are summarized below. If you are interested in pursuing one or more options listed below and need additional information, please e-mail endowment@ssvt.org.

Gift contributions without the need for a Will or Estate Plan

⇒ Life insurance gifts.

You can purchase and gift a new life insurance policy and name SSVT as the owner and beneficiary. Alternately, you can designate SSVT to be the beneficiary of an existing policy. You can setup a new policy even if you and/or your spouse have one or more other life insurance policies. The contract's premiums, gifted to the charity, may qualify you for an income tax deduction. This method is particularly suitable for devotees interested in making a sizeable bequest to the Endowment through small annual tax deductible contributions.

⇒ Investment gifts.

You can transfer your ownership of any investment (i.e., shares of a mutual fund, a stock, land, IRA, real estate (rental / primary residence) to SSVT. You receive a charitable income tax deduction for the market value of the gift

you've made. You may be able to reduce or eliminate significant capital gains and estate taxes through this type of gift as well.

- This is a simple and tax advantageous way to fund lifetime poojas available at SSVT, where a one-time donation will setup regular poojas for your favorite deity (ies) forever. More information on lifetime poojas is available at <http://www.ssvt.org/Events/Annual%20Puja%20One%20page.pdf>.

Even if it is a stock you wish to keep in your portfolio, by giving SSVT the stock and using cash to buy the same stock through your broker, you will have received the same income tax deduction but will have a new, higher basis in the stock.

For example, let us say that you want to donate \$1000. If you donate cash, it is from your after-tax savings. If you donate 20 shares worth \$50 each (that you bought for \$20 each), you will still get the \$1000 tax deduction. You can use the \$1000 from your savings to buy the 20 shares you donate to the temple. The difference is that your new basis for the 20 shares is \$50, not \$20. When you sell the shares in the future for \$100 each, the gain that is taxable is \$1000 (20 times 50) and not \$1600 (20 times 80).

There are special tax benefits in donating an IRA, which has grown tax deferred over the years. You are required to make withdrawals from your IRA account and pay taxes on the withdrawals. If you are interested in donating a certain amount from your estate to SSVT, it may be more tax advantageous to using your IRA compared to other mechanisms.

⇒ **Beneficiary designation gifts.**

You can name SSVT as the beneficiary of one or more of your financial assets such as:

- IRA
- 401k
- Annuity
- Trust account, etc.

If you want a certain amount that you want from your estate to be given to SSVT, you can pick one of your financial assets such as the ones above and designate SSVT as the beneficiary, a simple way to help you achieve your goal and benefit SSVT.

⇒ **Outright gifts.**

You can simply write a check or give cash to SSVT and take a tax deduction on your income tax return. An SSVT endowment fund has been setup with Merrill Lynch. You can write a check and mark "SSVT Endowment" in the check memo and the value of that check will be deposited into the endowment account. The principal or the corpus of the funds in the endowment account is left untouched. Only the earnings from the endowment account may be used to fund different temple projects and expenses. During times, when all the earnings are not used to fund projects, the earnings grow the endowment which makes future earnings from the endowment even larger. Contributions to lifetime poojas are also automatically earmarked for the endowment.

Gift contributions with a Will or Estate Plan

⇒ **Will or trust bequests.**

You can create a bequest by including a charitable gift provision in your will or trust document.

⇒ **Wealth replacement.**

If you plan to pass on any asset to your heir(s), you can donate that asset to SSVT endowment. You get income tax benefits for your donation. Life insurance can be bought to the value of the asset. At death, the insurance proceeds (the value of the asset) is passed to your heirs, income and potentially estate tax free as well. This is a "win-win-win" mechanism that a financial planner and/or attorney can help you setup. You get to pass on to your heirs what you want to pass on and at the same time provide what you want to provide to SSVT from your estate. Your heirs get what you want to give them. SSVT gets a sizable donation.

⇒ **Charitable remainder trust.**

You can gift money or property to an irrevocable charitable remainder trust in exchange for an income during your life and/or the life of your survivor. After death, any remainder value in the charitable remainder trust passes directly to the charity or charities you've selected. You may defer, reduce or eliminate capital gains tax otherwise due on sale of the assets. You also may receive an immediate charitable income tax deduction on the remainder interest of the property that passes to charity. Finally, the assets in the charitable remainder trust may escape some estate tax after your death as well.

⇒ **Zero estate tax gift.**

Your will or trust can be designed to pass along the maximum amount of estate assets possible to your children after death, estate tax free, through a family testamentary bequest. Typically the amount is equal to the current applicable estate tax exclusion amount. The remaining estate assets then can be transferred to SSVT through a charitable bequest, also estate tax free. This plan may result in a zero estate tax due on your estate.

Disclaimer: Please note that the ways mentioned above are general approaches applicable to most. However, individual situations vary. You should always consult with legal and tax experts for advice for your specific situation.