

# PCCF

# PROFESSIONALADVICE

News and tools to meet your clients' philanthropic needs

WINTER 2015



## Turning stock market gains into community investments

Everybody wins when you make a gift of appreciated stock to your community foundation. Your gains are put to good use. Your gift of stock is reinvested in your community, and it qualifies for an immediate tax deduction based on the full fair market value.

### How it works:

- You make a gift of appreciated stock to your community foundation.
- Your gift can be placed into any of our charitable funds. For example, you can use your gift to create a Donor Advised Fund in your name, in the name of your family or business, or in honor of any person or organization you choose. You can then stay involved in recommending uses of the fund.
- Your gift qualifies for a tax deduction based on the full market value of your stock; you avoid the capital gains tax that would otherwise arise from the sale of this stock.
- We handle all the administrative details.
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing

community needs. Your gift—and all future earnings from your gift—is a permanent source of community capital, helping to do good work forever.

### More benefits

Giving appreciated stock through a community foundation is popular among a range of givers—individual investors, families, entrepreneurs, and even groups of friends who have formed investment clubs. By giving stock through your community foundation, you can avoid capital gains taxes that would be due as a result of its sale and establish a charitable fund that benefits the local causes and organizations you care about most. With gifts of appreciated stock, your stock market earnings translate into community impact, so you get a more rewarding return on your portfolio. You can set up a scholarship; support special programs for at risk youth, senior citizens, or other people in need; address environmental concerns; or support the arts.

## PCCF PROFESSIONAL ADVISORS COUNCIL

### MISSION:

The mission of the Phelps County Community Foundation's Professional Advisors Council is to effectively establish, develop and maintain relationships within the Phelps County advisor community so that we can better serve advisors and their clients. The Council will provide its members with opportunities to exchange charitable giving ideas, learn about new issues in philanthropy and establish new relationships with other advisors.

### PROFESSIONAL ADVISORS

#### COUNCIL MEMBERS

Grant Ericksen  
Tana Fye Henry  
Michael Klein  
Ben Loberg

### INSIDE THIS ISSUE:

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### CONTINUING EDUCATION OPPORTUNITIES

DECEMBER 29:  
Law, Literature & Ethics - Scott Conference Center - Omaha

DECEMBER 30:  
Law, Literature & Ethics - Hruska Law Center - Lincoln

DECEMBER 30:  
Ethical Pitfalls of Social Media - Webinar

APRIL 5 2016:  
My client is about to commit securities fraud: What should I do? - UNL College of Law

MAY 9 2016:  
NAIFA CE Day - Kearney

# Choosing community over taxes

## Charitable Beneficiary Designation



Naming the community foundation as a beneficiary of your retirement plan is not only easy to do, it is also a way to make a significant and lasting gift to our community that may not be possible during your lifetime.

### How it works

- You designate the community foundation as a full or partial beneficiary of your qualified retirement plan using a form supplied by the policy underwriter or plan administrator.
- When you are no longer living, the benefit comes to the community foundation. We set up a special fund in your name, in the name of your family, or in honor of any person or organization you choose. Or, you may choose to have the assets contributed to an existing fund.
- We handle all the administrative details.
- Your gift can be placed into an endowment that is invested over time. Earnings from your fund are used to make grants addressing community needs. Your gift is a permanent source of community capital, helping to do good work forever.

## Estate Giving

### When Passing Assets to Loved Ones Doesn't Pay

More than likely, a substantial portion of your savings is in your retirement plan. As you plan your estate, you may be considering how to use those savings to benefit loved ones. But did you know that your most valuable assets may also constitute the biggest tax bill for your heirs?

**FACT: Income and estate taxes can consume nearly 60 percent of retirement plan funds when inherited by a loved one.**

While the majority of people will pay less than 40 percent, anyone who inherits retirement plan funds will be subject to income tax on all withdrawals. Although there are ways in which spouses (and, to a lesser extent, other heirs) can defer taxes on these assets when they defer receipt of the funds, they, too, are subject to income tax when they make withdrawals.

### IRA and Retirement Plan Beneficiaries

Most retirement plans, including 401(k)s and IRAs, are income tax—deferred, meaning that income tax is not paid until the funds are distributed to you in life, or upon your death. This taxation makes retirement assets among the most costly assets to distribute to loved ones.

Because they are subject to income taxes to your beneficiaries, retirement assets make ideal gifts to tax-exempt charitable organizations. Otherwise, the income taxes on retirement assets you leave to your loved ones can be as high as 35 percent. This means that an IRA worth \$100,000 will be worth only \$65,000 by the time it reaches your heirs.

On the other hand, the naming of a charity as the beneficiary of retirement assets upon death generates no income taxes. This means that in the above example, the Charity would receive the full \$100,000 benefit.

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## Security Tips

### Easy Tips to Protect Yourself from Social Engineering

- Use discretion when posting personal information on social media. This information is a treasure-trove to scammers who will use it to feign trustworthiness.
- Before posting any information, consider: What does this information say about me? How can this information be used against me? Is this information, if combined with other information, harmful?
- Remind friends and family members to exercise the same caution. Request they remove revealing information about you.
- Verify the identity of anyone who contacts you through different means. Don't use the information they provide you.
- Don't send money to people you don't know and trust.

## PHELPS/HARLAN COUNTY CASA

The people of Phelps County are generous and willing to help those in need. The Phelps/Harlan County CASA (Court Appointed Special Advocates) program has been in Phelps County for 15 years, and has benefitted greatly from the support and generosity of our community and our county. We don't like to acknowledge child abuse and neglect happens right here at home. But it does. Nationally, in the next minute, six children will be reported as abused and neglected. That's where CASA comes in.

Phelps/Harlan County CASA's mission is to advocate through the court system for the best interest of children identified as being abused and neglected. When a child is removed from their home because of abuse and neglect, the State takes custody of the child, and the process begins. The goal is to ensure that the child is placed in a safe, loving, permanent home.

When a child is removed from their home, it is a very confusing time. There are many new adults that enter the child's life—caseworkers, lawyers, foster parents, therapists, and often the child has to move to a new school. Because the child welfare system is overburdened, a child can get lost, and languish in the system. That is where CASA comes in. A trained CASA advocate is often the only "constant" adult on the case, and will remain on the child's case until it is closed, and permanency is achieved. The CASA volunteer monitors the case and independently investigates to ensure that the child's needs are being met. They act as the "voice" of the child.

CASA volunteers are citizens from all walks of life. The Phelps/Harlan County CASA program provides 30 hours of training, and they are sworn-in by a judge. This gives the CASA the legal authority to investigate and advocate for the child. CASA also provides on-going training and support for the volunteers. CASA volunteers report to the court and make recommendations to the judge.

CASA started in Phelps County in 1999, with Harlan County being added in 2010. Our office is located in the Phelps County Courthouse, and we are currently serving 100% of the children in our counties. But that can change at any moment, and we never know when new cases will come in. We have new volunteer training opportunities beginning January 4th, and in April.

When people learn about CASA, they always want to know how they can help. Be a Volunteer! Call Melanie at 308-995-2102, or Christina at 308-865-5675 ext. 117 if you have any questions or would like to take the training.



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