



of
**Bradley/Cleveland Public
Education Foundation**
honors donors
who have chosen to contribute
to its mission
through a Planned Gift.

Bradley
Cleveland **Public Education**
Nurturing Teachers...
Growing Young Minds **FOUNDATION**



The Mechanisms of Giving

described in this brochure may help you meet your financial goals and provide a **LEGACY** gift to Bradley/Cleveland Public Education Foundation. *

No impact is greater on a community than a well-educated populace. Therefore, the Foundation's vision is to be a national leader in funding public education. The result:

- Providing for classroom resources and programming needs without limit
- Supporting teaching excellence through advancing professional development
- Measurable student academic success with vision for their future and support for post-secondary education

Your charitable contributions will make this possible for the children of Cleveland and Bradley County. A tax-deductible cash contribution is a quick and easy way to support this mission. However, careful financial planning could be very beneficial to you and your heirs, enabling you to leave an enduring **LEGACY** for future generations of students while at the same time providing yourself and your family or other beneficiaries significant tax benefits.

The Bradley Cleveland Public Education Foundation

is a 501(c)(3) tax-exempt organization for the support of public education in Cleveland City and Bradley County Schools. Focusing its support on classroom instruction, the Foundation provides assistance for supplemental programs and materials not funded within the regular school budgets.



Charitable Bequests Provided in Your Will

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

One of the simplest ways to provide an enduring gift of support is through your Will or Revocable Living Trust. By including BCPEF in your estate plans, you can specify that some or all of your assets come to us after your lifetime. You can designate a specific amount, a percentage of your total estate, or a share of the residue after gifts to your heirs. 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.



Beneficiary Designations

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

BCPEF 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: Contact your insurance carrier or employer/plan administrator and request a beneficiary form. As with bequests, you have flexibility to change your mind and your beneficiaries at any time.

Designating BCPEF as a Beneficiary of an Insurance Policy:

You can name BCPEF 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 BCPEF 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 BCPEF 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 BCPEF 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 BCPEF is a 501(c)(3) organization and is exempt from taxes, it would not be required to remit any portion of the distributions to the Internal Revenue Service.



Gifts of Appreciated Assets

Donating appreciated assets is a simple way to make a sizable gift to BCPEF while avoiding capital gains taxes on the appreciation providing an income tax deduction in the year of the 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 BCPEF, sustaining the mission of BCPEF while avoiding capital gains 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. If, instead, you gift the Securities or Real Estate to BCPEF, you will avoid the capital gain, and also be entitled to take a charitable deduction on your federal income tax return, potentially saving in federal income taxes and in state taxes as well. To ensure you are entitled to receive the most beneficial tax treatment, please contact us or your tax/legal advisors 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 BCPEF. The deduction would 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).



Life Income Gifts

A Life Income Gift is a highly effective way to contribute assets to BCPEF, while allowing you, the donor, 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, make an irrevocable gift of cash, securities or real estate to BCPEF, 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 the mission of BCPEF. Your age, assets, and income objectives will help to determine the best type of Life Income Gift.

Charitable Remainder Annuity Trust (CRAT):

A CRAT allows you to secure a fixed, steady stream of income and reduce your taxes while helping to support BCPEF. To create a CRAT, place assets into an irrevocable trust and name a trustee (for example, 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 right 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%) 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 Bradley/Cleveland Public Education Foundation 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 to BCPEF 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 BCPEF. The trustee may be 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 BCPEF 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 BCPEF 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 BCPEF 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. In this case, 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 BCPEF.



Note: There are a variety of somewhat complex requirements that must be met in order for a Charitable Trust to provide the tax advantages discussed above. Contact your tax/legal counsel for details on implementation of a Charitable Trust.



*Please be advised that Bradley/Cleveland Public Education Foundation (BCPEF) is not a tax or legal advisor. The information included in this brochure should not be construed as tax or legal advice. BCPEF does not intend to suggest that any of the strategies contained herein are suitable for the reader. Further, anyone intending to execute any of the strategies contained in this brochure should seek the advice of a competent tax or legal advisor before so doing.

If you have chosen to include BCPEF in your Will or other estate plan, we should be named as:

Bradley/Cleveland Public Education Foundation,
a non-profit corporation designated 501(c)(3) by
the IRS, organized and existing under the laws of
the State of Tennessee

EIN: 20-0585134

Principal Business Address:

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Cleveland, TN 37320-4354

Bradley
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