

Financial planning
ideas for

Our Family our future

“Strive not to be a success but rather to be of value.” — Albert Einstein *By Steve Benskin, Manager of Planned Giving*

I love this quote from Albert Einstein. Here at Youth Villages, we strive to be of value to children and families and because of this value we provide, lives are changed and we are successful. In fact, our long-term success rate of 80 percent is nearly twice the national average compared to traditional services.

As the new manager of planned giving, I am learning more and more every day about the life-changing work of Youth Villages. Knowing the wonderful work we do and then seeing us recognized by others—especially experts in the field who are holding us to a high standard—are both humbling and inspiring. Youth Villages was recently mentioned in a book written by Ken Stern about the nonprofit sector, “With Charity for All.” Stern has worked in the nonprofit world for much of his career and has seen the successes and failures of many charities.

According to Stern in his chapter titled “Dawn of the New Charity,” Youth Villages is an “extraordinary organization” that is “blazing a trail for the charitable sector to follow.” He goes on to say, “Youth Villages is a model (for the charitable sector) because it has developed tactics that echo successful for-profit businesses but are tailored to its charitable values.”

Those of us who see the impact our work has on children and families know the value we bring. I hope I can be of value to you—to be a resource to you to answer any questions you have about our work

or how you might make Youth Villages a part of your charitable plans. I invite you to take a tour of our campus so I can show you firsthand the life-changing work we do.

Most importantly, on behalf of the 22,000 children and families we will work with this year, thank you for your generosity and support.



Our groundbreaking transitional living program teaches young adults vital life skills like job interviewing and budgeting.

INSIDE:

- Time to Reconsider Your Plans? • 5 Reasons to Give Appreciated Property

Time to Reconsider Your Plans?

As you review your plans this fall, you may want to consider how potential estate tax changes could affect your existing plans. If your current plans have not been reviewed in a number of years and were based on laws that may no longer apply, it may be time to reconsider those plans.

Legislation enacted by Congress this past January extended estate and gift tax relief for many Americans. In fact, federal gift and estate taxes currently apply only to estates greater than \$5.25 million. However, there are proposals in Washington that would reduce that amount. Many states also have taxes on inheritances.

While no one knows exactly what changes will be made in the future, it is a good idea to make sure your plans are up-to-date today.

Consider the following and check any that apply to you:

- I am certain how much tax will be owed by my estate under provisions of the new law.
- I know whether or not my state of residence will tax my estate.
- I am aware of how my retirement plan assets will be taxed.

Giving to Youth Villages From Your IRA

If you are over 70½, you can make tax-free gifts in 2013 directly from a traditional or Roth IRA. Check with your plan administrator or other advisers for more information on how to make gifts in this way.

- I have reviewed my life insurance coverage in light of tax law changes.
- I know exactly how the American Taxpayer Relief Act of 2012 affects my plans.

If you **did not check** each of the boxes above, you may wish to consult with your advisers to ensure your plans are up to date.

More information

We are always happy to answer any questions or assist with the charitable aspects of your plans. Simply return the enclosed card or contact Steve Benskin at 901-251-4820.

Bequest Language

If you are considering a bequest to Youth Villages, here is some suggested wording to take to your attorney:

“After fulfilling all other specific provisions, I give, devise and bequeath _____% of the remainder [or \$_____] of my estate to Youth Villages, a charitable corporation [Tax ID #58-1716970] currently having offices at 3320 Brother Blvd., Memphis, Tennessee 38133.”



Youth Villages' adoption program helps children like Nathan find forever families.

5 Reasons to Give Appreciated Property This Year-End

When you are considering what to use to make gifts to Youth Villages this year-end, don't forget long-term appreciated property. Long-term appreciated property includes stocks, bonds and mutual funds that have risen in value and been owned longer than one year. Giving these assets can make good sense from both a philanthropic and financial planning perspective.

Consider the following:

1. You may deduct the current value of the asset instead of what you paid for it.
2. You bypass any capital gains tax you would owe if you sold the asset.
3. Your capital gains tax savings may never be more beneficial.
4. Your excess deductions for charitable gifts may be claimed over the next five years.
5. You conserve your cash for other purposes. You may even want to repurchase the same asset with a new, higher cost basis.

Give and lock in value of stocks

For example, Glenda owns shares of FedEx stock she purchased years ago that are now worth significantly more than she paid for them. Instead of making her usual gift of cash, Glenda decides to make a gift using these securities. She is entitled to a tax deduction for their full value.

Glenda then uses the cash she had originally planned to give to repurchase the same number of shares at the current market price. She now owns the same number

Example of \$10,000 gift

	Sell Securities and Give Cash		Give Securities	
Asset Value	\$10,000		\$10,000	
Cost	\$4,000		\$4,000	
Taxable Gain	\$6,000		\$0	
Capital Gains Rate	20%		0%	
Capital Gains Tax	\$1,200	Net Tax Savings \$2,760	\$0	Net Tax Savings \$3,960, 31% Greater
Amount of Gift	\$10,000		\$10,000	
Income Tax Rate	39.6%		39.6%	
Income Tax Savings	\$3,960		\$3,960	
Net Tax Savings	\$2,760		\$3,960	
Number of Transactions	2		1	

of shares as before, but she has effectively locked in a new, higher cost basis while bypassing tax on the increase in value prior to the time of her gift.

To make a gift of securities to Youth Villages this year-end, see the box below.

Procedures for transferring securities to Youth Villages

Wire to: JP Morgan Chase Bank, New York, NY **ABA Number:** 021000021

For Credit to: National Financial Services, LLC Account #066196-221

DTC#: 0226 • **For the Benefit of:** Youth Villages Foundation Inc. • **FFC:** 627-000477

Striving for Something More

“Getting in the transitional living program was a turning point in my life.”

—Mary



Mary

A lot has changed for Mary during the past few years—new baby, school, home and state, but she remains as determined as ever to achieve her goals.

Mary entered Youth Villages’ transitional living (TL) program in 2011, and the young mother learned simply how to get things done. The first year in TL, Mary learned how to budget money and manage her time between college and her child.

That was more than a year ago, and Mary has made quite a few changes since then. For one, she relocated to a new state and started a new life. She’s still in school and in good standing in the YV Scholars program, which helps her pay for school provided she meets and maintains academic and community service requirements. As Mary has gained confidence and ability in navigating adulthood, those basic needs the TL program provides aren’t necessary.

“It’s a little different with Mary,” said Takashi McCoy, TL specialist. “Since she’s already made significant steps in her independence, we work with more specific issues.”

Like staying on top of finances and work/life balance. Mary explains the relationship as an evolution. At first, her TL specialist assisted Mary with establishing a blueprint for her future and pushing her to get out and fight for what she wanted—first, to see a future, then to begin the process of making it happen.

“Now, Takashi’s more like a peer,” Mary said. “I discuss things with her and she advises me of my options.”

With a toddler at home and a job, Mary is focused on creating a stable home and getting through school. She meets weekly with Takashi and communicates more when it’s needed. She sets small goals that get her closer to larger ones. She’s still set on a career in the veterinary field.

“Being in TL has shown me I can do things,” she said. “But more importantly, TL has my back. I’m not afraid to try new things and strive for something more because Youth Villages is there.”



Youth VILLAGES[®]
The force for families

**For planned giving information,
please contact:**

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Youth Villages is a holder of the BBB Wise Giving Alliance National Charity Seal.



Youth Villages is a Silver-Level Guidestar Exchange participant, demonstrating its commitment to transparency.