

GIVING WHILE LIVING: Kentucky Style



Written by Fran Taylor
Illustrated by Chris Ware

Made possible by
Appalachian Regional Commission and
Appalachian Rural Development Philanthropy Initiative (ARDPI.org),
including Brushy Fork Institute, The Center for Rural Development
and these partnering community foundations:
Blue Grass Community Foundation,
the Foundation for Appalachian Kentucky
and the Foundation for the Tri-State Community, Inc.

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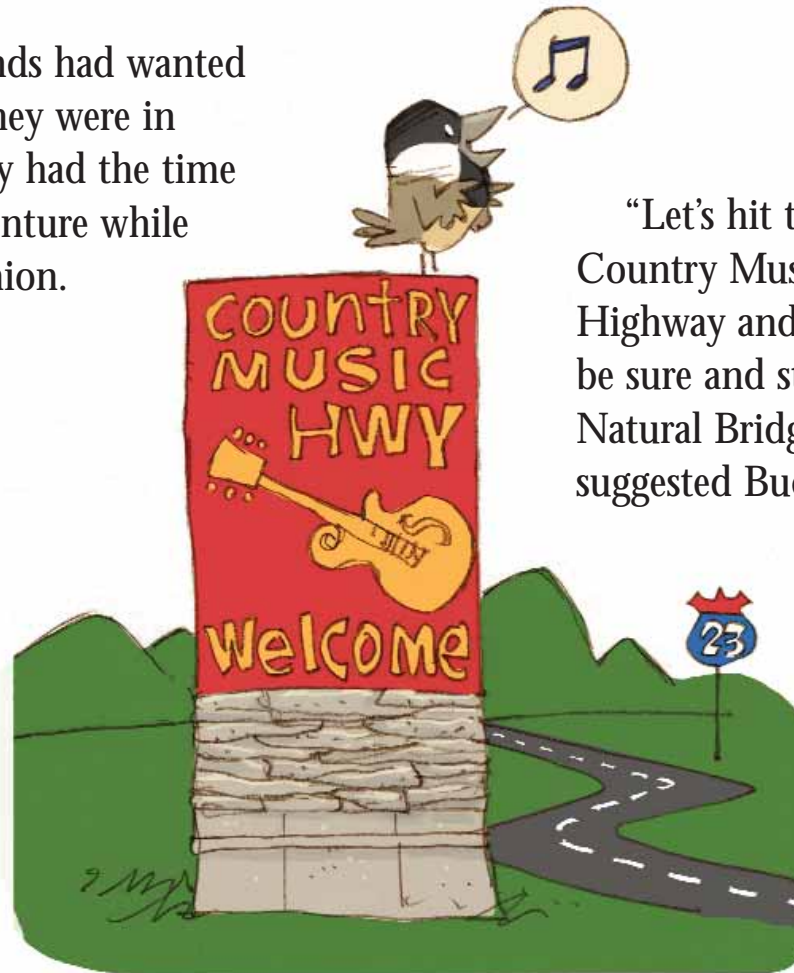


Road trip! What a great idea! The three friends shook on it.

Joe “Wiley” Wildcat had returned home to Ashland after graduation and gotten involved in the family business; Tommy “Tomcat” Manchester was an attorney living in Perry County; and Rebecca “Bucky” Breathitt had remained in the Lexington area and sold insurance. They had been the best of friends while in college.

“Okay, it’s a deal,” said Wiley Wildcat. “We meet at Boone Tavern three months from today and hit our favorite places around central and eastern Kentucky. I’ll drive, Tommy can navigate and Bucky can pick the best places to eat — as always! Mark your calendars — it’s a road trip!”

The three friends had wanted to do this since they were in college, but finally had the time to plan their adventure while at their 40th reunion.



“Let’s hit the Country Music Highway and be sure and stop at Natural Bridge,” suggested Bucky.

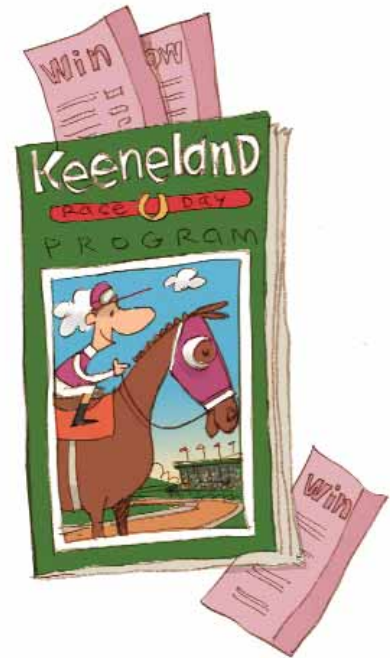


“I want to take in the Battle of Leatherwood re-enactment in Perry County,” added Tommy. “Now, that would be fun!”

“Well, if it’s October, we have to go to Keeneland,” volunteered Wiley.

“Remember the last time we were there?”

That horse Bucky picked is probably still running!”



So the three friends planned their adventure as the summer came to a close. By the time their road trip rolled around there was a nip in the air and the sky was a beautiful shade of Kentucky blue.

When the friends met at Boone Tavern in Berea, they had lots of opportunities to talk about their hometowns, their businesses and families. They all agreed that they had been blessed in many ways – with health, success in business and wonderful friends and families. They decided that although their tastes in food and adventure might be different, they shared a common desire – to give something back to the communities they loved.



coaster From Lunch in Berea



This became a topic of conversation that popped up often as the three friends drove the scenic highways and back roads of Kentucky.



“You know, I love where I’m from and would like to be able to do something to give back,” said Wiley. “Actually, I would like to not just give back, but ‘pay it forward.’ I’ve had a good life and been blessed with many things – a great education, a wonderful family and a successful business. I would like to do something significant but can’t begin to do what I would like until I get out from under some of my current financial obligations.”

Tommy perked up. He had heard that Wiley had done quite well for himself and remembered that his old friend had always loved his home state. He couldn’t resist teasing Wiley. “Hey, I hear you’re a Fat Cat and have really socked it away.”

Now it was Wiley’s turn to laugh. “Yeah, I’ve done all right but I can’t give it away just yet!”

“Well, there are lots of ways that you can give back without impacting your lifestyle. You should talk to your **community foundation**, they are the experts on charitable giving and planned gifts,” countered Tommy. “In fact, you may be surprised that at this point in your life, it might be a good business decision to start planning for the future.”

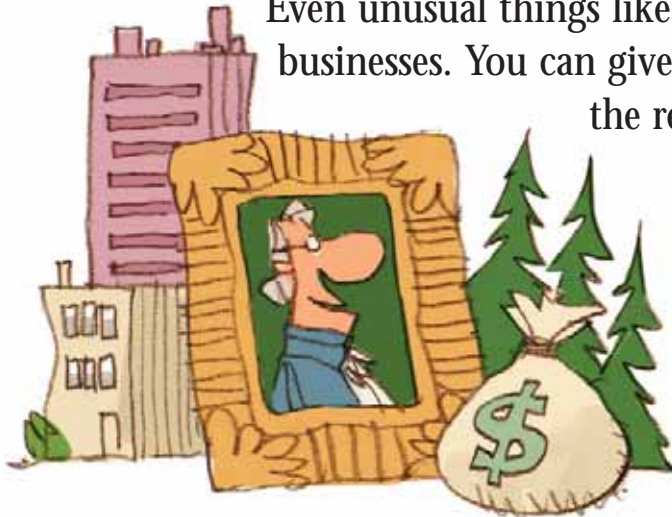


“Most of us have assets that we aren’t ready to part with,” he continued. “The most painless way to give is to set up a **bequest**. After your gone, your assets can benefit a variety of great causes.”

“What kind of assets are you talking about?” Wiley asked.

“Things like cash and land for starters, but really anything of value.

Even unusual things like mineral rights, timber, fine art and businesses. You can give a percentage of your total estate or the residual value of your estate.



Did you know that the money you give to charity is not subject to estate taxes, which lowers the tax burden on your heirs?”

Tommy explained.

Bucky interrupted, "Wiley, get off at this exit. Let's check out the William Whitley house in Crab Orchard – I always wanted to live in one of those really historic homes and have heard about this



place. The fella who built it put in one of the first racetracks in America and ran his races counter-clockwise just to spite the British who ran theirs clockwise! They're still running them that way here."



"Bucky, speaking of houses, I'm sure you have a lovely home that any number of nonprofits would accept as a donation," offered Tommy.

"Whoa," said Bucky, "I need somewhere to live!"

"You can donate your house while you continue living in it," Wiley explained. "It's called a **retained life estate gift**. You transfer the house to a charity and get an immediate tax deduction. Then you continue living in it. When you pass, the house belongs to the charity."

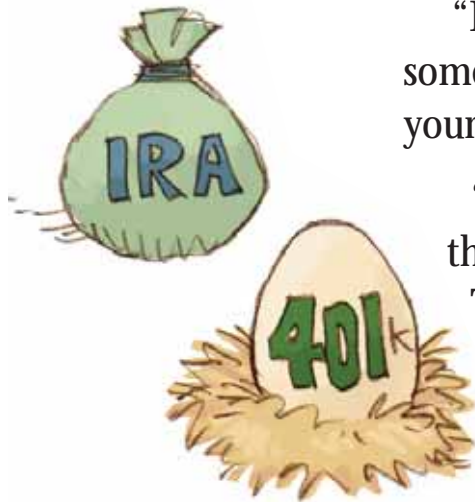


"Well, I'll be dog-gone, I never heard about that," said Bucky.

Tommy chimed in, “Now remember, I want to hike Red River Gorge before this trip ends. I think preserving our resources, farms and woodlands is critical to future generations.”



“If you like it so much, why don’t you leave something to one of those conservancy groups in your estate plans?” asked Wiley.



“I would love to but can’t begin to support ALL the organizations that mean something to me,” Tommy replied.

“What about your **retirement plan?**” Wiley asked. “You can give more than you ever imagined by making an organization the beneficiary of your IRA or 401(K). It’s easy to do, and you can help your kids avoid significant taxes on these assets.”

“I never considered that,” Tommy said. “What a great idea. Hey, let’s stop at Natural Bridge, ride the Sky Lift and eat something at the Lodge. I’m hungry.”

“How are your kids doing, Wiley?” Bucky asked as they were finishing their meal.

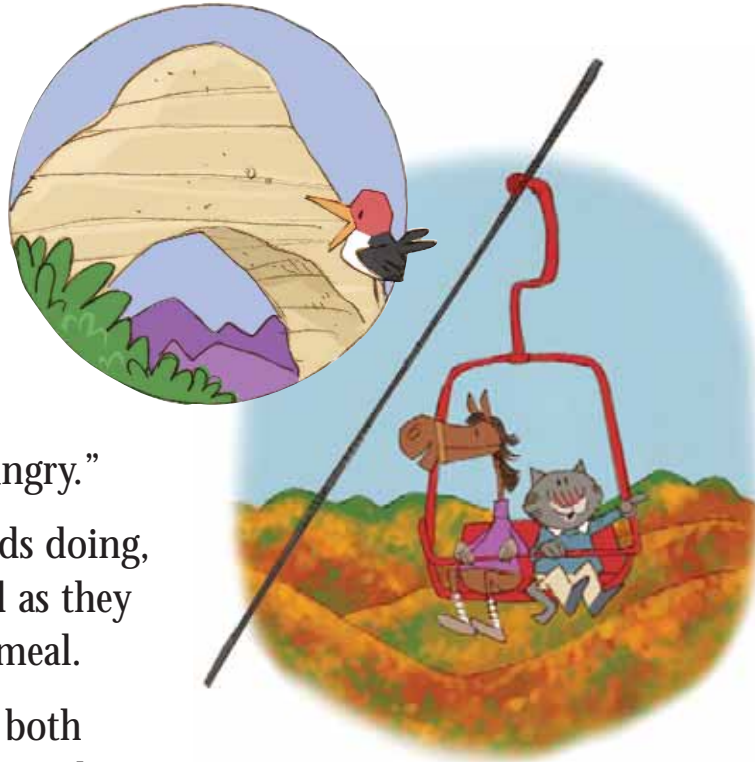
“Great – they are both married with families and successful careers,” Wiley replied proudly.



“Wonderful,” Bucky said. “You know, now that your kids are grown and established you may not need that **life insurance** policy I sold you when they were young. You can name a charity as the owner and beneficiary of that policy. You receive an immediate tax deduction and your premiums may be tax-deductible as well.”

“I guess I have more to give than I thought,” Wiley said.

“We all do!” Bucky and Tommy agreed.



Wiley added, “Let’s go to bed at a decent hour so we can get to Keeneland in time to eat breakfast at the track kitchen, watch the morning workouts and pick some winners before the races. I’m feeling lucky!”

As they checked into their hotel in Lexington, the three friends noticed that downtown was thriving. “I don’t remember it being so lively when we were in school,” commented Bucky.

“It wasn’t!” answered Wiley. “Private investment in the arts and public spaces in downtown Lexington has brought it back to life.”



Bucky felt like she needed to level with them. Her friends had made lots of money, plus married well and although she had done okay, compared to them, she was just an average gal – and single at that. “You know, I would really like to invest in my community but I need a steady income as I get older. How can someone like me possibly give back and still secure my own future?”



Now it was Tommy's turn to share some information. "Setting up a **charitable trust** allows you to give and receive."

Through the trust you receive a steady income and get a tax deduction," Tommy explained.

"The charity receives whatever's left after a set number of years.



Alternately, for someone like Wiley, the trust can provide the charity with annual payment, and the remainder is passed down to his heirs, *tax-free*."

Bucky laughed, "You two have an answer for everything. I had no idea there were so many different ways to give."

It was Tommy's turn to laugh, "Most people don't!" he replied.



The next morning, they headed to Keeneland as planned. “I love this time of year,” said Wiley. “The ponies are running, football is crankin’ up and people are already talking basketball. The Bluegrass is my kind of place.”

It was a beautiful day and the old friends indeed picked some winners. “It doesn’t get much better than this,” said Tommy. “I am so glad we finally did our road trip.”

“The road trip was great, but even better was learning all the ways we can give back, plan for the future, and leave our communities stronger,” Bucky said. “I never knew there were so many ways to go about it.”

“There is a gift for everyone,” Tommy said. “You just have to pick the one that’s right for you and your family.”



The three friends grew quite as the trolley rolled back into town late that afternoon. Wiley spoke up, “You know, I really do love where I live. If I wanted to make a gift to help my community be the best it can be, how would I do that?”

Tommy didn’t hesitate. “I would start with my **community foundation**. They know the communities they serve, better than anyone. And, they can help you plan your giving.”

He continued, “I know you’ve always cared about helping disadvantaged kids and homeless animals. They can make sure that your gifts go to the organizations that do the kind of work you admire – long after you’re gone. It is truly the gift that keeps on giving.”

“Great idea, Tommy. How did you get to be so wise?”
asked Wiley.

“I hang around smart people! When I’m out and about, I keep one eye open and my ear to the ground so I can pick up the tidbits I hear all over town. And the buzz is that the community foundation is definitely the way to go. The important thing is to do your planning now!

Tommy continued, “Good night my friends. Let’s not wait another forty years to do this again! And hey, in the meantime let’s all think about what we can do to ‘pay it forward’...”



How It Works:

Charitable Bequest

A charitable bequest is a transfer of assets at death by will, trust or other instrument to a nonprofit organization for charitable purposes. You can leave a percentage of your total estate, a specific dollar amount or asset, or the balance or residue of your estate, while still supporting family and loved ones. Your estate receives a charitable tax deduction, lessening the tax burden on your heirs, and you leave a lasting legacy.



Charitable Remainder Trust (CRT)

A CRT allows you to transfer appreciated assets into the trust, avoid taxes on the sale of the assets, and receive an immediate income tax deduction. The asset is then liquidated and can be reinvested to produce income that goes to you or others designated by you for a specified period of time. At the end of the trust period, the remainder balance goes to your favorite charities.

A fund at the Community Foundation can be named as the trust's charitable beneficiary – thus, giving you the flexibility of changing charitable recipients as often as you need to.





Charitable Lead Trust (CLT)

A CLT allows you to transfer assets into the trust, pay income to charity for a fixed number of years, and then (upon your death or at the end of the trust period) pay the remaining balance in the trust to your family or another (non-charitable) beneficiary. Like the CRT, a fund at the Community Foundation can be named as the trust's charitable beneficiary – thus, giving you the flexibility of changing charitable recipients as often as you need to.



Community Foundation

A community Foundation is a public charity created by a collaboration of local citizens with a common purpose – to improve the quality of life in their community, county or region. Community Foundations can help residents achieve their visions of making a difference through the use of a Community Fund or other fund type, such as a Donor Advised Charitable Fund, a Scholarship Fund or a Family Foundation.

Community Fund

A Community Fund is made up of donations – large and small – from area residents who want to invest in the lasting well being of the place where they live. An advisory group of local citizens oversee the fund and make grants in accordance with the collective vision of the donors.



Life Insurance Policy

If you have a life insurance policy that has served its original purpose – providing for your children, protecting your mortgage, or securing your retirement funds – you may use this policy to help the organizations or causes you care about. You can either name the organization as the primary beneficiary, or you can name the organization as both the beneficiary and owner of the policy. You may receive an immediate tax deduction on the fair market value of the policy, and your premium payments may also be tax deductible as charitable gifts.





Retained Life Estate Gift

You sign a deed transferring your personal residence to a charitable organization, but retain the right to live in the house for your lifetime. You receive an immediate income tax deduction at the time you sign the deed and, at your death, the charitable organization sells the property and will use the proceeds according to your charitable wishes.

Retirement Plan

Retirement Assets are tax-deferred retirement savings accounts, including profit-sharing, IRAs, 401(k), 403(b), and Keogh and pension plans. Because retirement plans are subject to both income and estate taxes, giving them to charity rather than to an heir can have very favorable tax benefits. Simply complete a beneficiary designation form naming a charitable organization or your fund at the Community Foundation as the beneficiary of your retirement plan. Any remaining balances at the end of your lifetime will go to that charity.



This book is based on
Lafayette the French Quarter Cat: Giving While Living
presented by the Greater New Orleans Foundation;
written by Lauren Cecil with illustrations by Mark Andresen

Still have questions or looking for more information?

Blue Grass Community Foundation

859.225.3343

info@BGCF.org

BGCF.org

Foundation for Appalachian Kentucky

606.439.1357

info@AppalachianKy.org

AppalachianKy.org

Foundation for the Tri-State Community, Inc.

606.324.3888

TristateFoundation.com