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We are often asked what are the best, tax-wise ways to invest in students and faculty of LFA. Inside are some suggested options that help philanthropists leverage their giving. As always, LFA recommends you consult a tax or wealth advisor for specific advice.

Ways to fund your gift to Lake Forest Academy

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Gifts by Check or Credit Card
Cash gifts are welcomed and are extremely important to the success of the Inspire & Invest Initiative. Your gift can be completed by check, payable to Lake Forest Academy. Multi-year Inspire & Invest pledges may be paid over 3-5 years.

You may charge your gift or pledge payment to MasterCard, Visa, Discover or American Express. Credit card gifts can be made online (www.lfanet.org/give), or over the phone (847-615-3212). When using a credit card, you may set up gift payments to be made monthly, quarterly, semi-annually, annually, or in one lump payment. Many credit cards include frequent flier or reward benefits--making your LFA gift a bit more special.

Gifts of Securities
Did you know that appreciated securities can be used to complete your gift as an alternative to cash? Giving non-cash assets such as appreciated stock can also result in especially favorable tax treatment. Securities that have been owned for more than one year and have appreciated in value are subject to capital gains taxes; however, using these assets to fund a charitable gift allows you to bypass capital gains taxes and also enjoy a federal income tax deduction for the full value of the securities. For stock that is rising in value, consider gifting the stock and repurchasing additional shares to enjoy capital gains taxes and also enjoy a federal income tax deduction for the full value of the securities. LFA can provide you with the necessary information your broker will need, and we strongly advise that you contact the school before authorizing your gift to ensure timely valuation and proper recognition.

Donor Advised Funds (DAFs)
Hundreds of donors each year make a contribution to Lake Forest Academy through Donor Advised Funds or DAFs. While you may not make a legally-binding pledge from a Donor Advised Fund due to IRS regulations, you are able to recommend, on an annual basis, a grant to the Academy from your DAF. LFA will ask you to sign a Letter of Commitment so that you may be listed as a participant in the Inspire & Invest Initiative. Please consult with an LFA Advancement Department gift officer listed on the back of this brochure before you recommend a grant to the Academy.

Family Foundations
Did you create a family foundation to serve the charitable needs of your family? Do you serve as a director of a family foundation? Many LFA families have foundations and support the Academy in this manner. For more information, please contact an LFA gift officer listed on the back of this brochure.

Corporate Matching Gifts
Many companies match contributions by employees and directors to qualified non-profit organizations, such as independent schools like LFA. In some cases, this benefit extends to spouses/partners of employees, and even retirees. Utilizing your matching gifts is an easy way to increase the impact of your donation. Request a matching gift form or online link from the company’s benefits or Human
Resources office and submit it to LFA with your gift. If you are uncertain about your company’s program, we can help. Call 847-615-3212 for more information.

Bequests
For most individuals, a charitable gift through a Will (also known as a bequest) is the most simple and most effective way to supplement cash gifts and create a lasting legacy. Through your Will, you can designate to charity such as LFA for a specific dollar amount; a percentage of your estate; all or a portion of the residue of your estate; or specified assets such as real estate and other personal property. If you already have a Will, you should be able to add charitable bequests through a codicil, a simple amendment to an existing document. Preparing and maintaining an up-to-date Will can also save your heirs from issues that may arise after your lifetime. Your bequest may also be counted toward the Invest & Inspire Initiative subject to your age and/or class year.

Trusts
A trust can be an effective means of providing for heirs and the charities that matter to you. There are a variety of trust types, each designed for the unique needs of individual donors; however, two of the most commonly used trusts for charitable purposes are the Charitable Lead Trust (CLT) and the Charitable Remainder Trust (CRT).

Charitable Lead Trusts or CLTs allow individuals to place assets into a trust and use the earnings to fund charitable interests during their lifetime, a term of years, or a designated combination of the two. If you have income-generating assets (rental property, closely held stocks, farmland, etc.) and can forgo the earnings, a CLT could be an excellent vehicle to help you fund a special gift to LFA’s Invest and Inspire Initiative. For example, you can use a rental home or office building to create a CLT that holds the asset and distributes the earnings to one or more charities during your lifetime or the pre-determined duration of the trust. When the trust terminates, the assets revert back to you or to a named beneficiary. A CLT may also help you realize substantial tax-saving benefits.

A Charitable Remainder Trust or CRT is an irrevocable trust that disperses income to a designated beneficiary or beneficiaries for a specified period of time (usually the beneficiary’s lifetime), after which the remainder of the trust is distributed to identified charitable interests, such as LFA. A CRT is designed to reduce taxable income while allowing an individual to support charitable interests that are important to them. This can be an excellent vehicle to provide a fixed annual income to yourself or a loved one, while also providing for charitable interests that are important to you after your lifetime.

Real Estate and Property
Houses, farms, condominiums, vacation homes, and other such property typically make up a significant portion of many people’s assets. Yet, most do not think of using these assets to support their charitable interests. Almost any type of marketable real estate or property can be used to make a charitable gift. The type of property, your tax situation, and other factors will determine the appropriate gift vehicle for you to utilize. Gifting property to LFA could mean a transformational gift to the school that allows you to avoid significant capital gains taxes and other fees. It may even be possible for you to continuing occupying a property during your lifetime through a retained life estate. This arrangement gifts the property outright to LFA and allows you to receive an
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**Retirement Assets**

Retirement assets are another often overlooked resource for charitable giving. Individuals who are 70½ and older can use the required distribution of an IRA to make a charitable gift, up to $100,000 per year. A couple with separate IRAs can each make gifts up to this amount. By making a charitable gift directly from your IRA to LFA, you avoid income tax on the distribution. You can also designate that the remainder of your retirement assets after your lifetime go to charity, which could help your heirs avoid costly state and/or federal estate and income taxes. Consider requesting a beneficiary designation form from your advisor to assign the residue of your retirement assets to LFA, while leaving more tax-favorable assets to loved ones.

**Insurance**

Insurance policies can help you maximize your giving to LFA at the end of your lifetime. Consider these following scenarios:

John is a faithful annual donor to the school, and he also wants to leave LFA a gift after his lifetime. He decides to take out a life insurance policy on himself, designating LFA as the owner of the policy and the beneficiary. During his lifetime, John agrees to make gifts to the school equal to the annual premiums of the policy. This allows John to continue supporting the Academy annually and to enjoy the charitable tax deduction on his gift, while also providing the school with a much more substantial gift after his lifetime than might otherwise be possible.

Mary has a life insurance policy that lists her children as beneficiaries. Over the years, her family situation has changed and she finds that her children will be well taken care of without this policy. Mary can change the beneficiary designation of her policy to benefit LFA, or she can also transfer ownership of the policy and make gifts to LFA equal to the annual premium. Mary’s annual expenses have not changed, and now she may potentially enjoy a charitable tax deduction.

For more information on ways to plan a gift to Lake Forest Academy, please contact:

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