



Leave a Legacy of Freedom through FEE

Estate Planning at a Glance

FEE FOUNDATION *for*
ECONOMIC EDUCATION





Leonard E. Read Legacy Society

Invest in Freedom's Next Generation through a bequest or planned gift to the Foundation for Economic Education—and become a member of the Leonard E. Read Legacy Society.

Leonard E. Read (1898-1983) founded FEE in 1946. For the next 37 years, he served as FEE's president and labored tirelessly to promote and advance freedom. He was a natural leader who, at a crucial moment in American history, roused the forces defending individual freedom, private property, and economic liberty.

We invite you to join your legacy to his by remembering FEE in your estate plans.



Dear Friend of FEE,

I pretty much grew up with FEE, and it is like family to me. My parents, William H. and Mary Bennett Peterson, were longtime friends of FEE. Dad was a student and later a colleague of the late great economist Ludwig von Mises, who was a close adviser to FEE. Dad himself was a contributing editor and frequent author for *The Freeman*, FEE's flagship publication from 1956 to 2016.

FEE even introduced me to my second love. (My first love, from afar, was Carry Back, the homely brown racehorse with a modest pedigree that managed to win the Kentucky Derby.) My second love was more unassuming and less accomplished, yet more approachable and down to earth. My second love, you see, was a pencil.

Leonard Read, FEE's founder, introduced me to that second love through his charming and captivating essay, "I, Pencil." He opened my eyes to the extraordinary in the ordinary, and to the miracle of the market's "invisible hand"—illustrating how countless people around the globe cooperate in a complex array of actions to produce an ordinary wooden lead pencil. This all takes place freely, without central planning, even though each person contributes only a small part to the end product. "I, Pencil, seemingly simple though I am," goes the essay, "offer the miracle of my creation as testimony" that free markets are "a practical faith, as practical as the sun, the rain, a cedar tree, the good earth."

"I, Pencil" is but one example of FEE's tireless advocacy of timeless principles: individual liberty, limited government under the rule of law, peaceful exchanges, and free markets. FEE introduces people of all ages—and especially young people—to these principles, helping them better understand the world and inspiring them to achieve and to advance these principles on their own.

FEE will, I trust, continue the important and unique work that it has done so well since 1946. That is why I am remembering FEE in my will and estate—helping this great organization even when I am gone. Do please join me in making a bequest to FEE.

With every good wish,

Laura B. Peterson

You have numerous options for including FEE in your estate plans. Some of these giving options may also benefit you and your family during your lifetime. This summary of planned giving vehicles is not intended as financial or legal advice, but we hope you find it a useful overview and retain it for future reference as well.

Your Will

WHY WILLS ARE IMPORTANT

- If you don't create your legacy through a will, the government will do it for you!
- By using a will, you retain full control of your assets.
- Bequests to charities, properly done, will avoid the estate tax entirely.

LEGACY CREATION WITH A WILL

- Wills offer three design options to balance the needs of heirs and charities:
 - Fixed amounts or specific assets to heirs, remainder to charity,
 - Fixed amounts or specific assets to charity, remainder to heirs, and
 - Fixed percentages to heirs and to charity.

IMPORTANT TECHNICALITIES

- If you already have a will, you can generally amend it (without re-writing it) through a codicil that creates bequests for FEE and other charities, using any of the three designs.
- If you have elected a living trust rather than a will, you can also include FEE and other charities as trust beneficiaries, similar to creating bequests under a will.

Your Retirement Accounts

WHY RETIREMENT ACCOUNTS ARE IMPORTANT

- Retirement accounts—such as IRAs, 401(k)s, and others—can become substantial over time.
 - Retirement accounts are a good choice for creating a philanthropic legacy, rather than a legacy for your heirs.
- If retirement accounts are used to create a legacy for heirs, they are double-taxed:
 - They are subject to the estate tax, and
- Heirs are subject to ordinary income tax on what's left!
- If retirement accounts are left to non-profit charities, they are not taxed.

LEGACY CREATION WITH RETIREMENT ACCOUNTS

- Beneficiaries of retirement accounts are not named in a will, but in a separate beneficiary document filed with the account trustee.
- Contingent beneficiaries and co-beneficiaries are permitted.
- Common example: spouse as primary beneficiary, charity as contingent beneficiary.
- You can also name a donor-advised fund as a beneficiary and advise the fund exactly how you would like the proceeds distributed to various organizations that you support.



Your Life Insurance

WHY LIFE INSURANCE IS IMPORTANT

- Many people have life insurance that has outlived its original purpose of providing security during peak earning years.
- Life insurance proceeds, other than to a spouse or to a tax-exempt entity, are generally subject to estate tax.
- Therefore, life insurance policies that are no longer needed as a security vehicle for family are a good choice for enhancing a philanthropic legacy.

LEGACY CREATION WITH LIFE INSURANCE

- Life insurance beneficiaries are not named in a will, but instead in a separate beneficiary designation filed with the insurance company.
- Contingent beneficiaries and co-beneficiaries are permitted.
- Common example: spouse as primary beneficiary, charity as contingent beneficiary.
- Additionally, if a charity is named as beneficiary and ownership of a paid-up policy is transferred to the charity, it may result in a charitable deduction at the time of transfer.



Hybrid Strategy: Charitable Gift Annuities

WHY CHARITABLE GIFT ANNUITIES ARE IMPORTANT

- Gift annuities are easy, convenient, and reliable for several reasons:
 - Generate a current tax deduction and shield assets from the estate tax,
 - Generate income from appreciated assets while deferring capital gains tax, and
 - A contract between you and a charity—no separate trust required.
- Gift annuities are most advantageous for persons aged 65 or over and in amounts of \$25,000 or more.

LEGACY CREATION WITH A GIFT ANNUITY

- Initiated with a gift of cash or appreciated assets to a charity, for which the charity agrees to pay a fixed annuity to the donor(s) for life.
- A tax deduction is generated for the value of the gift, net of the estimated value of the annuity.
- The charity's annuity administrator distributes payments regularly for life, even if they exceed the original amount of the gift.
- Annuity payments are partially taxable as ordinary income, per IRS guidelines.
- If the annuity gift is funded with appreciated assets, a portion of the capital gain tax is avoided.
- An annuity may be continued during the life of the surviving spouse, if desired, with a lower annuity rate.
- FEE determines annuity rates using guidelines set by the American Council on Gift Annuities.



Hybrid Strategy: Charitable Remainder Trusts

WHY CHARITABLE REMAINDER TRUSTS ARE IMPORTANT

- Charitable Remainder Trusts are convenient and flexible because they can:
 - Generate a current tax deduction and shield assets from the estate tax,
 - Generate income from appreciated assets while avoiding capital gains tax entirely,
 - Generate an income stream at either a fixed amount (Charitable Remainder Annuity Trusts) or a fixed percentage (Charitable Remainder Unitrusts),
 - Provide flexibility as to number and relationship of beneficiaries and how payments are divided, and
 - Shield assets from creditors.

LEGACY CREATION WITH A CHARITABLE REMAINDER TRUST

- A tax deduction is generated for the value of the gift to a charity, net of the estimated value of the income stream.
- Tax deduction will be lower for higher payout rates and for younger donors.
- More flexible but more complex than Charitable Gift Annuities; will require creation of a trust.



Hybrid Strategy: Charitable Lead Trusts

BENEFITS OF CHARITABLE LEAD TRUSTS

- “Freezes” the value of assets for gift/estate tax purposes, thereby reducing the gift/estate tax impact of potentially appreciating assets.
- Generates a current tax deduction, provides current benefits for a charity, and leaves future benefits (in a tax-efficient manner) for heirs.

LEGACY CREATION WITH A CHARITABLE LEAD TRUST

- Generally suitable for larger, more complex estates and amounts.
- Mirror image of a charitable remainder trust:
 - Provides current income to a charity and legacy inheritance to heirs.
 - Focus is on assets expected to appreciate, rather than already-appreciated assets.
- Requires creation of a trust and appointment of a trustee, who then manages contributed assets.
- Provides a current tax deduction for the estimated value of the income stream to the charity.



Donor Advised Funds

Donor Advised Funds (DAFs) are an increasingly popular vehicle for managing planned giving and as annual donations. DAF-sponsoring organizations can handle routine cash gifts, as well as complex assets with multi-year payouts. They can provide you with expert advice and myriad of options, all while ensuring that your anonymity, if you wish, is preserved. You can name a DAF as a single charitable beneficiary while working with the DAF sponsor to make distributions to multiple nonprofits that you designate. DAFs can make distributions all at once or spread them out over a specified period of years.

Bradley Impact Fund

The Bradley Impact Fund is a boutique donor-advised fund committed to preserving American freedom and values. We are affiliated with the Lynde and Harry Bradley Foundation—one of the largest and most respected private conservative foundations in the country. Together, we share a clear mission to restore, strengthen and protect the principles and institutions of American exceptionalism through our strategic support for well-vetted nonprofit organizations. This unique partnership gives our donor members all the competitive advantages of a DAF—including flexibility, tax advantages, privacy, protecting donor-intent—as well as true private foundation services. We offer unique opportunities to get to know and learn from the brightest conservative minds, as well as an expert program staff to help you maximize the impact of your charitable investments. Learn more about our growing community of influential philanthropists by visiting www.BradleyImpactFund.org.



DonorsTrust

DonorsTrust is the liberty movement's DAF, designed to help donors pursue their own philanthropic interests in public policy, education, science and medical research, arts and culture, law, religion, social services, and more. While our DAF makes giving simpler, more private and tax advantaged, we have a unique commitment to protect donor intent and promote private giving as the chief means of addressing public concerns without increasing the size and scope of government. Our deep understanding of the liberty movement enables us to be a resource to donors who share a common set of beliefs and principles. Learn more at www.DonorsTrust.org.



National Christian Foundation

The NCF Giving Fund is a flexible donor advised fund for Christian donors. Our Giving Fund works like a charitable checking account, but instead of depositing money and writing checks, you contribute all assets, receive an income tax deduction at the time of the donation, and then make grant distributions online to your favorite nonprofits. These decisions are controlled entirely by you, so not all donations have to go to faith based nonprofits. Learn more at www.NCFGiving.com.



Your Next Step

Before making any changes to your estate, we strongly encourage you to speak with your financial advisor and/or legal counsel to plan and establish any estate gift.

For further information about the Leonard E. Read Legacy Society, please contact the Foundation for Economic Education by calling (404) 554-9980 or emailing Legacy@FEE.org.

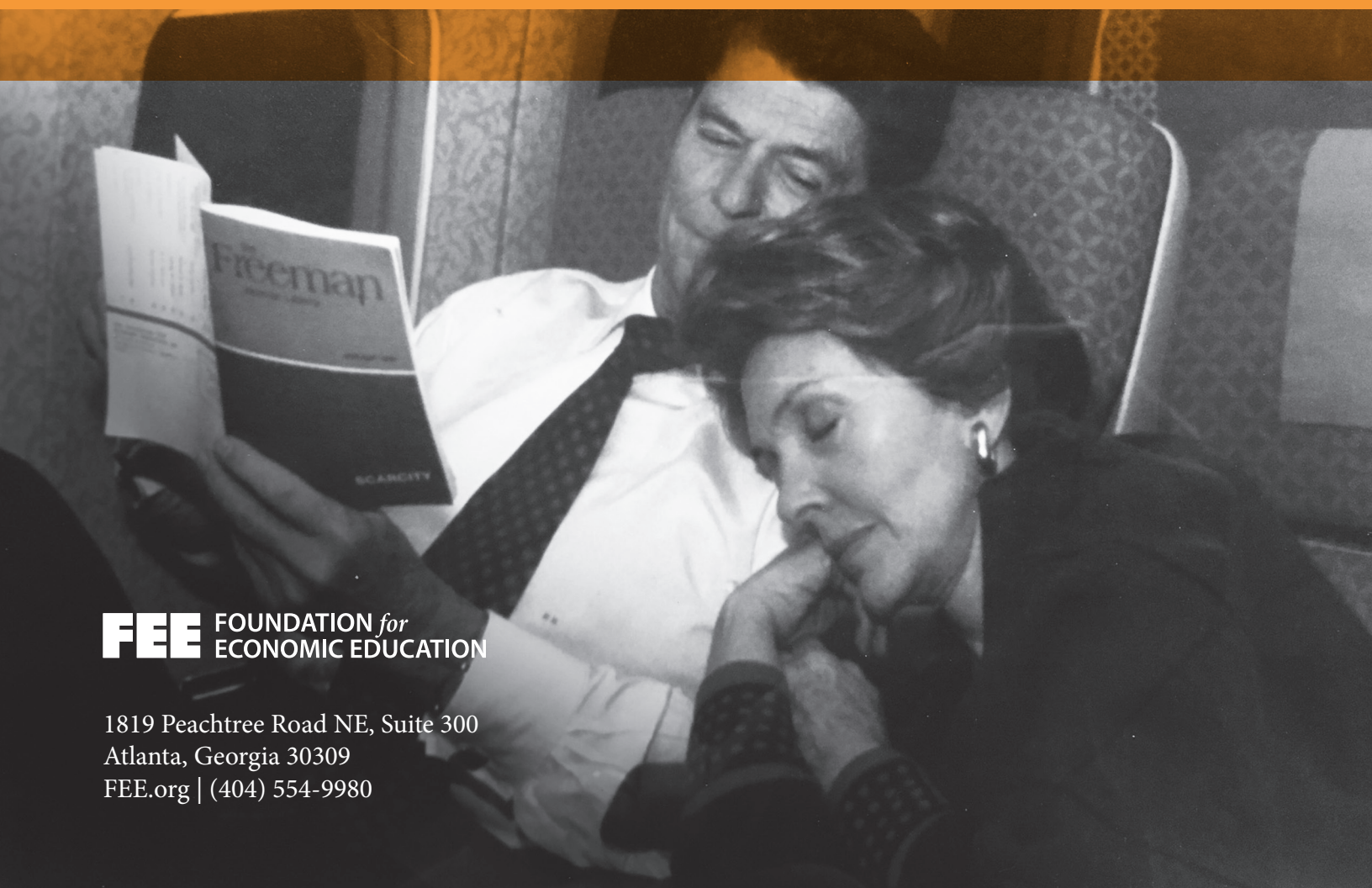
Thank you for your generous support of the Foundation for Economic Education. Your generosity over the years has made it possible for FEE to reach millions of young adults with ideas on individual freedom, economic liberty, and the ethical principles that underpin both.

By investing in the next generation of freedom through a generous estate gift, FEE can continue its work to make the principles of a free society familiar, credible, and compelling to the rising generation.

Thank you!

“Freedom is never more than one generation away from extinction. We didn’t pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same.”

President Ronald Reagan



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