



HERITAGE CIRCLE  
PLANNED GIVING



# South Arkansas Community College Foundation

The South Arkansas Community College Foundation is a non-profit, tax-exempt Arkansas corporation reactivated in 1996, governed by a group of community members who represent the positive leadership of the community. These directors seek to obtain gifts and grants needed beyond the scope of tax-based funding, and to manage and expend these items for the benefit of South Arkansas Community College.

SouthArk Foundation funds are distributed to benefit and advance the college, and for the encouragement and assistance of its students and faculty.

The purpose of the SouthArk Foundation is to aid, strengthen, and further the educational, literary and scientific work and services of South Arkansas Community College by seeking and receiving gifts, bequests, and donations, and to account for and manage assets submitted to the Foundation on behalf of South Arkansas Community College and the residents of its service area.

The SouthArk Foundation Board of Directors is comprised of business and community leaders. This Board approves all Foundation programs and is responsible for applying the principles of good stewardship to Foundation assets.

## MISSION

The South Arkansas Community College Foundation exists to build leadership, scholarship and partnerships by increasing donor support, rewarding excellence, and elevating the stature and importance of the college locally, regionally and nationally

## VISION

Our vision is to make South Arkansas Community College the cornerstone of lifelong teaching and learning in our community.



All gifts to the SouthArk Foundation qualify as charitable contributions for federal income tax purposes. They will also qualify for a special Arkansas State income tax credit.

# LEAVE A LEGACY

## WHILE INVESTING IN SOUTHARK

Planned or deferred giving is a popular and effective way to make a charitable gift through the SouthArk Foundation that will benefit SouthArk and provide tax benefits and often a stream of income to the donor as well. Planned giving typically represents a gift commitment you make that will benefit SouthArk either today or at some point in the future.

There are many ways your contribution can make a lasting impact on students, faculty, and academic programs.

By working with the SouthArk Foundation, you can develop a financial giving plan that incorporates your personal and philanthropic goals, while also supporting education in Arkansas. Your personalized gift plan can support your financial goals while providing the maximum tax benefits. A planned gift may provide:

- A charitable income tax deduction
- Relief from capital gains taxes on gifts of appreciated property
- A reduction in federal estate taxes and probate costs.
- The satisfaction of knowing that you are making a meaningful gift to SouthArk Community College.

### GIFTS OF CASH

An outright gift of cash is the most popular and simplest way to make a contribution to SouthArk. Your cash gift may be deductible up to fifty percent of adjusted gross income in the year it is made, and excess contributions may be carried forward. Your gift is immediately available to support the college.

### GIFTS OF MARKETABLE SECURITIES

Contributing long-term appreciated securities to SouthArk provides donors a two-fold income tax benefit: You may be able to deduct the full present fair market value and will not owe taxes on the appreciation. The securities are often individual stocks, but may include bonds or shares of mutual funds. Outright gifts of securities can be made quickly and easily.

Donors also appreciate the opportunity to do more with their gift, thanks to the tax benefits. Donors may decide to sell securities that have declined in value and take a capital loss tax deduction, with the proceeds going to SouthArk.

## **GIFTS OF REAL ESTATE**

A gift of real estate to SouthArk, whether outright or through a bargain sale or retained interest agreement, is a unique way to provide a lasting benefit to the college, while also realizing important tax and income benefits. An outright gift gives the donor a tax deduction for the appreciated value of the property while avoiding capital gains taxes.



The gift of the remainder interest in your home allows you to receive significant tax benefits while continuing to live in your home for the rest of your and your spouse's life.

The sale of real estate to the SouthArk Foundation at a price below market value, called a bargain sale, can generate both cash and tax benefits for the donor while providing land or a building to SouthArk that the college could not afford.

## **GIFTS OF LIFE INSURANCE**

A gift of whole life insurance is a simple way to make a significant gift to SouthArk. As needs for life insurance change and policies that provide coverage may no longer be needed the use of life insurance as a gift is a versatile and valuable asset. Gifts of life insurance can be made by naming the SouthArk Foundation as the owner and the beneficiary of an existing or new policy.

## **GIFTS OF CLOSELY HELD STOCK**

A gift to SouthArk of closely held stock is similar to that of marketable securities. This gift presents a unique opportunity for donors who will realize a personal income tax charitable deduction for the fair market value of the stock and avoid capital gains taxes on the appreciation.

## LIFE INCOME PLANS— GIFTS WITH A RETAINED INCOME

You can make a substantial gift to SouthArk while still earning income from donated assets. The life income plans are some of the most flexible and profitable options available to donors. A well-planned life income arrangement allows you to provide income for yourself, your heirs, or both; avoid considerable capital gains and estate taxes; and satisfies your desire to support SouthArk through a significant contribution.

## CHARITABLE REMAINDER TRUSTS

A charitable remainder trust permits you to make a significant gift to SouthArk and continue to benefit from lifetime income from the gift assets, either a fixed or variable payment, and add to it at any time. Funding a charitable remainder trust provides an income for you and/or your beneficiaries for life—or for a period of up to 20 years. Capital gains tax is avoided if the trust is funded with long-term appreciated property. In addition, you are entitled to an immediate and substantial income tax charitable deduction.

The two types of charitable remainder trusts are *Charitable Remainder Annuity Trust* and *Charitable Remainder Unitrust*:

### Charitable Remainder Annuity Trust

A charitable remainder annuity trust pays a fixed amount (at least 5 percent of the fair market value of the trust assets when the trust is established) to you or your beneficiaries at least once a year. The payment is determined when you set up the trust, based on such factors as your age, the number of beneficiaries, your desired income, and the length of the trust term. If the trust earns more income than the agreed amount, the additional earnings are reinvested. If the earnings are less, withdrawals from the trust's principal make up the difference.



## Charitable Remainder Unitrust

A charitable remainder unitrust differs from an annuity trust by paying a fixed percentage—at least 5 percent of the fair market value of the trust's assets each year, rather than a fixed sum. That means the income will fluctuate from year to year as the trust's value fluctuates, but because the long-term market pattern is usually one of growth, payments typically increase over time. A unitrust enables donors to provide future support while achieving personal objectives such as providing for heirs, enhancing their retirement income, diversifying investments and saving taxes.

It is important to note one feature of the unitrust: Donors can make additional contributions to a unitrust, whereas they are prohibited with an annuity trust.



## CHARITABLE GIFTS ANNUITY

One of the most common and popular ways to make a planned gift is with a charitable gift annuity, due to its simplicity. Through the contract, SouthArk agrees to pay a fixed sum each year for a lifetime, in exchange for your irrevocable gift.

Charitable gift annuities can be funded with cash, real estate or appreciated securities. Donors receive a tax deduction based on age, the payout rate and the federal discount rate. If you use an appreciated asset, a portion of each payout will be capital gain, which is therefore spread out over your lifetime. Likewise, a part of each payment would be a tax-free return of principal, increasing the after-tax value of each payment. And because you have effectively removed the assets from your estate, you avoid estate taxes.

## **CHARITABLE LEAD TRUST**

A charitable lead trust allows a donor to make a significant gift to the SouthArk Foundation, minimize taxable estate, and pass assets on to non-charitable beneficiaries. A charitable lead trust works by first using the assets contributed to the trust to make annual payments to the SouthArk Foundation for a set number of years (usually 10 to 20). The trust is typically structured so that at the end of that time, the assets remaining in the trust pass to the non-charitable beneficiaries, without passing through the donor's estate. Thus, the lead trust is a technique for making a "temporary gift" of income.

An example of this type of trust would be as follows: You give assets to a trust that pays the SouthArk Foundation an income for a number of years, which you choose. The longer the length of time, the better the gift tax savings for you. When the term is up, the remaining trust assets go to your family or other beneficiaries you select.

This is an excellent way to transfer property to family members down the line (typically children and grandchildren) at a minimal tax cost. This type of charitable lead trust (also called a nongrantor, or family lead, trust) is especially appealing to SouthArk Foundation supporters who are financially comfortable enough that they can forgo investment income on some assets.

## **CHARITABLE BEQUESTS**

The most popular planned gift is the simple charitable bequest, which provides you with the opportunity to leave a lasting legacy. Your will ensures your property will go to the programs, initiatives and/or scholarships you designate.

Bequests by wills, irrevocable trusts and revocable trusts are an important way in which SouthArk builds its endowments. Bequests can be for a specific amount, a percentage of your estate or a stated percentage of the residual amount of your estate. Considerable estate taxes may be avoided by naming SouthArk in your will.

You can designate how you want your bequest to be used—or leave it unrestricted to allow SouthArk Foundation to have the flexibility to meet the ever-changing needs of the college. Most importantly, you can change your bequest provision at any time during your life.

Wording for making a bequest to SouthArk Foundation is "I hereby leave (amount, percentage, asset or remainder) to SouthArk Foundation, Inc., an Arkansas nonprofit with principal offices in El Dorado, Arkansas for the (insert specific program, fund, or endowment or for the general benefit of a specific campus)."

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**A FINAL WORD**

While this booklet was designed to introduce you to planned giving and the many opportunities available to you through SouthArk, we encourage you to seek the advice of your attorney, accountant, banker, broker or other financial advisor. The SouthArk Foundation is here to help you and your counsel determine just how your gift can meet your needs, and also the needs of this growing Arkansas College.