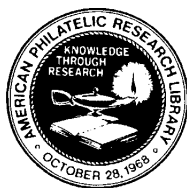


Options for
Planned
 and
Non-Cash Giving
 to the
 American Philatelic
 Society
 and the
 American Philatelic
 Research Library



The Importance of Giving

Americans are well-known for volunteering their time and other resources for the benefits of causes in which they believe. As a result, all our lives are enriched. Many people also choose to include their charitable interests in their financial planning.

While gifts of cash are essential and always gratefully received, the purpose of this brochure is to give you a brief introduction to other options for charitable gifts which will also help the American Philatelic Society (APS) and American Philatelic Research Library (APRL).

Dues account for only about one-third of the Society's income. Our endowments and other investment income, sales and service fees help cover much of our additional costs. However, both the Society and Library are dependent upon the generosity of members and friends to maintain our existing level of services.

Read the information in this brochure carefully. If you have any questions you may contact the APS/APRL Development Office, at 100 Match Factory Place, Bellefonte, PA 16823-1367, phone: 814-933-3803, fax: 814-933-6128, e-mail tiffany@stamps.org, or visit the website at www.stamps.org/services/ser_DonationProgram.htm

The APS and APRL do not give tax or legal advice and can not be responsible for the tax consequences of any gifts. IRS rules are complex and often confusing. Thus, we recommend you consult with your attorney, accountant, or tax advisor on all matters related to your particular tax situation.

Both the APS and APRL have been approved by the Internal Revenue Service as nonprofit, charitable organizations [501(c)(3) of the Internal Revenue Code.]

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Primary Advantages

Pass Assets at Reduced Tax Cost

Bequest
 Life Insurance
 Tangible Personal Property

Reduce Income Tax

Charitable Lead Trust
 Charitable Remainder Trusts
 Life Insurance
 Pooled Income Fund
 Retained Life Estate

Avoid Capital Gains Tax

Charitable Remainder Trusts
 Gift Annuities
 Pooled Income Fund
 Securities

Generate Income

Charitable Remainder Trusts
 Gift Annuities
 Pooled Income Fund

Tangible Personal Property

Donations of tangible personal property are often called "gifts-in-kind." Gifts of stamps, postal history, and other philatelic material are related to the purpose of the APS and APRL as tax exempt organizations and thus may be deducted at their fair market value. Gifts-in-kind unrelated to the mission of the APS/APRL may also be donated but for tax purposes must be valued at your costs.

Many members have substantial collections of stamps accumulated over a lengthy period. At some point in time nearly every collector comes to the realization that they need to dispose of all or part of their collection. Collecting interests may have changed, a spouse may be demanding return of one or more rooms in the house, or you may have no heirs interested in the hobby and desire to ensure that your collection is enjoyed by others.

A donation of your stamps and postal history to the APS or your philatelic literature to the APRL may be both financially and psychologically rewarding. You can donate your material for our reference collection with the knowledge that many collectors will enjoy your stamps for years to come.

Your more common duplicates may be given for use by Youth Programs to help educate and interest young collectors who are the future of our hobby. Other items may be sold with the funds generated being placed in our Tiffany Endowment Fund.

There are several benefits of donating tangible personal property in addition to the tax deduction. Donating your philatelic property may save you capital gains taxes as well as saving you the cost of insurance. Disposing of items that you no longer need or want may free up space for your new acquisitions.

Do your heirs lack the wisdom to have seen the light of philately? A donation of all or part of your philatelic property may save non-philatelic heirs the hassle of disposing of your collection as well as possibly reduce estate taxes.

Please note that income tax charitable deductions are limited to 30 percent of adjusted gross income in the year of the gift with a five year carryover for the unused balance.

If your non-cash charitable contributions exceed \$500 during a calendar year, the IRS requires that you

complete form 8283. When the claimed value of a donation of non-cash property other than publicly traded securities exceeds \$5,000 (or the aggregate claimed value of all gifts of similar property made during a year), the IRS requires an independent and qualified appraisal.

A qualified appraisal cannot be prepared by a party to the transaction. Thus, for tax purposes, the APS may not provide an estimated value of items we receive as a donation. Although tax deductible, the appraisal is not likely to be free.

Bequests

The most common and simplest form of planned giving, a bequest is a gift made through your Will or Codicil that will take effect when your estate is settled. A bequest to the APS and or APRL can be written into your Will or added to an existing Will by amending it through a Codicil.

A bequest removes assets from the taxable estate and thus may place the taxable estate in a lower tax bracket. Unfortunately you receive no tax benefits during your life nor any immediate satisfaction of supporting the APS or APRL.

Bequests can take several forms:

- A **percentage bequest** allocating a fixed percent of your estate;

"I give, devise, and bequeath to the American Philatelic Society, a non-profit organization located at 100 Match Factory Place, Bellefonte, Pennsylvania 16823, _____ percent of my estate, both real and personal property of whatever kind and whatsoever situated.

- A **residual bequest** which grants the residue, or portion of the residue, of your estate to the APS after explicit bequests have been made;

"I give, devise, and bequeath to the organization and address, all (or ___%) of the rest, residue, and remainder of my estate, both real and personal property of whatever kind and whatsoever situated.

- a **specific or explicit bequest** for a stated dollar amount or securities;

I give devise and bequeath to _____, the sum of _____ dollars (or describe the specific property or security you intend to bequeath)."

- a **contingent bequest** in case one or more of your bequests cannot be fulfilled;

"If any of the above-named beneficiaries should predecease me, I hereby bequeath his/her share of my estate to _____.

Giving Securities

Why would someone give securities rather than simply write a check? Our nation's tax laws offer special incentives for gifts of non-cash property -- especially when it has increased in value since it was acquired.

If you have owned securities for at least a year and a day, you may deduct the current fair market value of securities given to the APS or APRL and at the same time avoid capital gains taxes. By using appreciated securities to do some of your giving, you can conserve cash for other uses.

Additionally, if you are an executive or other employee with stock options, it may be possible for you to use your options as a convenient, cashless method of making a charitable gift.

Gifts of Life Insurance

When planning your gifts it is wise to consider all your assets. Life insurance, as one form of property, may add flexibility to your financial planning.

Ask yourself the following questions:

- Do you have a policy you purchased to provide security for a spouse who no longer needs it or to protect a child who is now grown and a financially independent adult?
- Do you have a policy to protect a business that no longer exists or no longer needs such protection?
- Do you have a policy you bought as added security for retirement? Do personal savings, an Individual Retirement Account (IRA), or other assets now provide the security you originally sought when purchasing the life insurance?
- Do you have life insurance to pay a mortgage that is already paid in full?
- Do you have a policy you bought for your children's education which has already been paid in full?
- Do you have a small policy your parents purchased when you were a child?

If you answered yes to any of the above questions you may wish to consider how your life insurance may be used to help you meet other goals.

There are many ways you may give life insurance to the APS or APRL. You can name us as a beneficiary for a fully or partially paid up policy. The APS/APRL does not have to be the primary beneficiary to receive all the policy proceeds. We could be named as a primary beneficiary for just a portion of the proceeds or listed as a secondary, final, or remainder beneficiary.

Depending on the options selected you may receive an income tax charitable deduction for the policy's cash value and or premium payments made, and all or a portion of the value of your policy may escape estate taxation.

Life insurance policies may also be used to fund charitable remainder trusts separately described in the following section.

Charitable Remainder Trusts

Two basic types of charitable remainder trusts qualify for federal tax benefits. In both arrangements, a donor gives stock, cash, or other assets such as real estate to a trust. Those assets are invested, producing income for the donor -- or another beneficiary -- either for a fixed period of time or until the donor dies.

Donors can get income tax deductions for the estimated portion of the assets that will ultimately go to charity. Making such gifts also avoids capital gains taxes. Many donors find the trusts an appealing way to prepare for retirement. The assets can be invested to earn a lower rate of return when the donor is younger and then shifted to earn a higher rate of return.

Unitrusts: Under a basic unitrust, the donor receives one or more yearly payments equaling a fixed percentage of the value of the asset which is assessed each year. Under a net income unitrust, the donor receives only the income earned by the trust, even if the trust earns less than the payout rate. However, the trust can be set up to include a "make-up provision," which allows donors to make up the lost income, provided the trust earns more than the payout rate in future years.

Annuity trusts: The donor receives a yearly fixed payment equal to at least five percent of the value of the asset at the time the deferred-giving agreement was signed.

Gift Annuities

Gift annuities are attractive if you want to receive income from assets that have risen sharply in value, such as stocks. In return for gifts of such assets, you receive a fixed annual income for the rest of your life and avoid capital gains tax. If preferred, the annual payments will not start immediately but will begin at a specified later date such as retirement. You also get an income tax break on a portion of the earnings from an annuity based on your age.

Pooled Income Funds

Obtaining a "unit" in a pooled-income fund is similar to buying a share of a mutual fund. You give cash, securities, or other assets to a non-profit organization, which then invests those assets. You receive income from the fund proportionate to the value of your contribution, as well as an income tax deduction based on the estimated principal that will be left to the charity.

Like gift annuities, pooled-income funds appeal to donors who want to earn income on stock and other assets and escape capital-gains taxes. Unlike the annuities, a donor's income from a pooled-income fund is tied to fluctuating interest rates. In the long run donors may receive larger earnings than they do from annuities, but they may also do poorer in the short term. As a result, pooled income funds tend to appeal to younger people who are often more willing to take risks with their investments.

Charitable Lead Trusts

In a charitable lead trust a charity receives the income from your asset's for a specified time, after which the asset is transferred back to the donor or to the donor's heirs.

Charitable lead trusts are most appealing to wealthy donors who want to pass appreciated assets to their heirs without paying a substantial amount in taxes. You pay a gift tax when the asset(s) are placed into the trust. After that the asset can grow tax-free. At the end of a specified period, the asset is returned to the donor's heir or heirs, who do not have to pay any additional taxes.

Retained Life Estate

You may make a gift of your house to charity and retain the right to live in the house for the remainder of you (and your spouse's) life. You receive an immediate income tax deduction for the gift and upon your death(s) the house goes to the charity.

APS Estate Advisory Service

You are probably better equipped than any other person to make decisions about disposing of your philatelic estate. You know whom you trust and who you believe has the ability to handle your material. That information should be conveyed either formally or informally to those who may be involved in the settlement of your philatelic estate.

Through our Estate Advisory Service, the APS offers suggestions for the maintenance or disposal of the philatelic estate of a deceased member who has neglected to provide disposal instructions. The Society can suggest an Estate Advisory of integrity and competence to provide a cursory examination of a deceased member's philatelic property, and to suggest appropriate methods of sale. No charge is made for this service, however it should not be expected that the advisor will render assistance requiring lengthy travel or excessive time in the evaluation of the holdings, or service to the estate without compensation.

