POOLED INCOME FUNDS

WHAT IS A POOLED INCOME FUND

A Pooled Income Fund is a charitable trust fund, established and administered by a public charity. For investment purposes, contributions to the Fund are pooled with gifts from multiple Donors. Donors receive Income-for-Life, and after the last income beneficiary passes, the remainder is used to support other charitable organizations.

HOW A POOLED INCOME FUND WORKS

- Donate cash, securities or other assets to the Pooled Income Fund (may include Real Property)
- Donor nominates Income Beneficiaries who receive Income-for-Life
- Growth of the Fund principal is tax-free
- Donors nominate charities to receive the principal balance and the end...

BENEFITS OF USING A POOLED INCOME FUND

- Capital Gains on donations are eliminated
- Donors receive a Tax Deduction for their Gift used to offset their Adjusted Gross Income (AGI)
- Income beneficiaries receive perpetual income AND support their favorite charities
- Income may be spread across multiple beneficiaries and several generations.

RETIREMENT INCOME STRATEGY
SAMPLE SCENARIO

EXAMPLE:

A married couple both age 60 currently pays an average of 30% in Federal and State taxes each year. They decide to donate $100,000 to one of the Foundation for Legacy Planning's pooled-income funds. The current tax deduction would be $67,000 based on not naming any additional beneficiaries. This would save them on average $20,000 in current tax year.

The PIF invests in dividend paying stocks and is estimated to pay a lifetime income stream of 5% (or $5,000/year) until both are deceased. The income stream is also expected to increase over time due to potential increases in the dividend yields. Since the income is generated by qualified dividends, the tax the donors pay on the income they receive will be taxed at only the qualified dividend/capital gains rate.

Assumptions: Tax Status-Married Filing Jointly, Federal & State Tax Bracket = 30%, Capital Gains Tax Rate 23.8%

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TYPICAL ANNUAL SCENARIO

TOTAL DEDUCTIONS	$20,000
- Property Tax	$4,000
- State Taxes	$6,000
Annual Charity Contribution	$10,000

Note: In this scenario, the taxpayer does **NOT** exceed the current standard deduction of $24,400. Therefore they do **NOT** receive a tax benefit from their charitable contributions.

ALTERNATE STRATEGY

TOTAL DEDUCTIONS	$60,000
- Property Tax	$4,000
- State Taxes	$6,000
Annual Charity Contribution	$50,000

Note: In the Alternate scenario, the total deductions greatly exceed the standard deduction by an additional $35,600 ($60,000 - $24,400) produce a **Tax Savings of $ 10,680**.

Give us a call today to obtain a customized Charitable Illustration designed just for you!

Notes:

– Distributions are treated as income to the beneficiaries

– Foundation for Legacy Planning targets a distribution rate between 4% & 5% and is variable based on the performance of the underlying fund investments

– Tax deductions are typically maximized with shorter life expectancies