

# WILMINGTON LIBRARY

## *Planned Giving: Gifts to Assure the Future of The Wilmington Library*

In the last three years the top priorities of the Library's Board of Managers have been to raise millions of dollars to renovate the Library into a state-of-the-art facility and to create a broad, stable financial base for the organization's annual operating budget. The Board of Managers has almost accomplished its first goal with the anticipated completion in 2013 of the \$11,400,000 *Library of the Future* capital campaign.

Now, as part of the effort to strengthen the Library's long term financial viability while simultaneously developing recurring sources of annual gift revenue, the Board and Library Director are initiating two of the most important, integrally-related endeavors a non-profit can undertake in today's economic environment:

- \* the development of a planned giving program which will

encourage prospective donors to consider the Library in their long term charitable planning and...

- \* the growth of its existing endowment fund to help underwrite the Library's current *and* future needs.



### ***What is an Endowment Fund?***

An endowment is a fund that is restricted by a non-profit corporation's Board of Trustees. Only the fund's interest income and earnings can be spent, not the principal, as it is the principal which generates the interest on an ongoing annual basis. Usually only a portion of interest or earnings is spent, ensuring that the fund's assets can increase over time through reinvestment. Professional money managers oversee the actual investment of the Library's endowment funds but these managers are guided and directed by the Board's Investment Policy and its Investment Committee.

### ***Key Considerations Regarding the Library's Endowment Fund and its Valued Investors***

The Library's Board has three principles by which it manages its endowment fund and the gifts contributed to it.

1. The Board and its professional advisors will always consider the best interests of its donors as *the* first priority in helping to plan or in accepting any prospective gift.
2. The Board will adhere to an industry standards Gift Acceptance Policy (adopted June 2011) that delineates the bases on which the Board will accept or not accept, and value a potential gift. This document is available to any prospective donor or their professional advisors.
3. The Board will adhere to an Investment Policy that protects the interests of its donors and the institution. This document too is available to any prospective donor or their professional advisor(s).

### ***The Library's Current Endowment Fund***

This exceptionally important fund generates interest income on an annual basis to help pay for the substantial expense of operating a busy urban library. Individuals who appreciate the costs of managing a large institution like the Wilmington Library are encouraged to help subsidize the Library's programs and services through either a cash or planned gift to this fund. Contributions in any amount are both needed and genuinely welcomed!

In addition, for gifts of \$10,000 or more, the Board of Managers will establish and name individual account funds in recognition of such exceptionally generous donors who want to help underwrite the Library's programs while memorializing their own participation or perhaps honoring a friend loved one or friend. With the approval of the donors, the Library would welcome the opportunity to publicly recognize the wonderful generosity of these friends on our website, in newsletters, and in special communications to our members.

While cash or irrevocable gifts of \$10,000 or more are necessary to establish a named fund, distribution of the annual interest income to either the Library or the donor / beneficiary will commence only when a total of \$25,000 has been invested.

These individual / named funds will be included within and invested with the Library's existing endowment fund. Donors will receive a semi-annual statement of the overall Fund's performance.



#### ***Simple, Beneficial Ways to Make a Planned Gift***

There are a number of ways to contribute that will help you achieve your goals of assisting the Library while generating tax advantages for you and your family. You can achieve both through a simple bequest in your will or through a trust agreement. The Library's professional advisors are

familiar with planned giving tools and techniques that can:

- \* provide current income and a significant charitable gift at a later date
- \* reduce income taxes, capital gain taxes and / or estate taxes
- \* establish in your name a philanthropic legacy that will continue *in perpetuity*.

## *Support the Library*

While the advice of your financial advisor will help identify the most advantageous way for you to contribute, some of the easiest, most popular ways to make a planned gift include the following.

### **1. Bequest**

Through a bequest in your will, you can make known your intent to help support the Library's existing endowment or establish your own named fund within that overall endowment. Bequests are typically in the form of a fixed dollar amount or a percentage of your estate after taxes.

### **2. Charitable Remainder Trusts**

This type of trust provides for you or your designated beneficiaries - children, parents, or even a friend - to receive income for life. When the trust ends at your death, that of the beneficiaries, or at the end of a term of years, the *remainder* assets will establish a named or memorial fund at the Library. You will also receive an immediate income tax deduction in the year the trust is created.

**2a.** A Charitable Remainder *Annuity Trust* pays the donor or their beneficiary a fixed dollar amount based on a percentage of the fair market value (at least 5%) of the assets placed in the trust. The payout amount remains constant, regardless of the increase or decrease in the trust's assets.

**2b.** A Charitable Remainder *Unitrust* pays a percentage of the fair market value of the assets

in the trust as revalued annually. If the value of the assets increases, trust payments increase. If the trust value declines, so will the payout.

### **3. Charitable Lead Trust**

This type of trust will provide interest income for the Library's operating budget for a fixed number of years. At the end of this term, the remaining assets in the trust are returned to you or your heirs.

### **4. Retirement Accounts**

Qualified retirement plan accounts, including IRAs, have long been subject to state and federal income tax as well as estate tax. However, recent changes to federal law have made it easier for individuals to use these assets to benefit their favorite charities.

### **5. Life Insurance**

You may contribute an insurance policy that is no longer needed, take out a new policy, or name the Wilmington Library as a beneficiary of an existing policy. Depending on the arrangement, an immediate tax deduction and / or estate tax deductions may be available. Premium payments may also be tax deductible.

*The Board of Managers recognizes the importance of your professional advisor's expertise. We would welcome the opportunity to work with them to help achieve the goals most important to you and your family. For additional information, please contact Director Larry Manuel at 302-571-7402.*

## *The Library of the Future, Opening November 2013*

