

COUNCIL *on*  
FOREIGN  
RELATIONS

# Legacy Society

A Lasting Commitment to Excellence







# Strengthening the Future of the Council on Foreign Relations

*Today's Council on Foreign Relations continues to build on the extraordinary vision and effort of its founders. During these times of tremendous foreign policy and economic challenges facing the United States and of deep division in our political debate, the special niche the Council fills as an independent, nonpartisan membership organization, think tank, and publisher is more important than ever.*

The Council is dedicated to being a resource for its life, term, and corporate members; government officials; business executives; journalists; educators and students; civic and religious leaders; and other interested citizens in order to help them better understand the world and the foreign policy choices facing the United States and other countries.

Each generation of members must reaffirm the commitment to our mission by guaranteeing that the Council of the future will have the resources to ensure its excellence, independence, and permanence.

# The CFR Legacy Society

You can help strengthen our institution for the long run by remembering the Council on Foreign Relations (CFR) in your will or through another form of planned gift. Contributions and bequests are vital to the Council's ability to build its meetings programs, endow chairs and fellowships, enrich its Studies Program, expand and modernize its facilities to keep pace with its growth, and reap the benefits of new technologies. Your generosity will guarantee that a strong Council will sustain its ability to serve the country and the world.

The Council on Foreign Relations Legacy Society honors and acknowledges individuals who include the Council in their estate plans. We will enroll you in the society upon receiving confirmation in writing that you have included the Council in your will or as a beneficiary in any other disposition of assets.

Your participation in the CFR Legacy Society will demonstrate that you consider the future vitality of the Council to be an important part of your own legacy.

## Planned Giving Opportunities

Planned giving is as easy as (1) making a charitable gift and (2) saving taxes. The following planned giving primer will demonstrate some of the best ways to give—and save.

Recognition in the CFR Legacy Society is attained by naming the Council a beneficiary of a:

- will or bequest
- retained life estate (*gift of real estate*)
- life insurance policy
- charitable remainder trust
- charitable lead trust
- retirement plan

## WILLS AND BEQUESTS

The Council on Foreign Relations can be named as a beneficiary in your will several simple ways. An outright gift, whether a designated dollar amount or percentage of your estate, could be specified. We could also be named as a remainder beneficiary to receive funds only after specific sums have been paid to individual beneficiaries. It may be helpful to know that you can easily add the Council to your will through an amendment called a codicil; your entire will does not have to be redrafted.

## GIFTS OF REAL ESTATE

A gift of real estate can also be tax wise. A residence, vacation home, or farm may have so appreciated in value over the years that its sale would mean a sizeable capital gains tax. By gifting this property as a retained life estate, you and your spouse (or another survivor) can continue to use the property for your lifetimes—while you receive a current income tax deduction.

*Example: Mr. and Mrs. Smith own a vacation home in the mountains that they would like to continue using. Its fair market value is \$100,000. By contributing the home to us now but retaining the exclusive right to use it for the rest of their lifetimes, the Smiths are able to achieve a current income tax charitable contribution deduction of approximately \$25,000. (The precise amount will depend upon the donors' age, the useful life of the house, and other factors.)*

## GIFTS OF LIFE INSURANCE

A gift of life insurance can provide a significant charitable deduction. You could purchase a new policy or donate a policy that you currently own but no longer need. To receive a deduction, designate the Council on Foreign Relations as both the owner and beneficiary of the life insurance policy. Check with your insurance agent for the details.

*Example: Mr. Anderson owns a \$100,000 life insurance policy with a current cash value of \$34,582. By transferring the policy to us as the new owner and beneficiary, Mr. Anderson is able to receive a current charitable deduction in the amount of \$34,582. If Mr. Anderson decides to continue paying the premiums on the policy after the gift is made, these additional premium payments will be tax deductible each year.*

An additional giving option is to simply name the Council on Foreign Relations a beneficiary or contingent beneficiary of your life insurance policy.



### *CHARITABLE LEAD TRUSTS*

Charitable lead trusts are essentially the reverse of the life income gifts. The income from the trust is first paid to the Council; in this case, the charity's interest leads the way (hence the name of the trust). Under this arrangement, you transfer assets to a trustee who makes payments to us for a specified number of years, after which time the assets are transferred to your heirs. The charitable lead trust allows you to pass assets on to your children and grandchildren either completely free or substantially free of all estate and gift taxes. It can make good sense for anyone in the top estate and gift tax brackets.

### *OTHER TYPES OF GIFTS*

There are other ways you can make planned gifts to the Council on Foreign Relations. For example, you may name the Council as a beneficiary or contingent beneficiary of an asset such as an IRA, Keogh, or other retirement plan. Tax laws change from time to time, and your tax adviser can inform you when such changes may be advantageous to your own estate planning.

## LIFE INCOME GIFTS

### *How to increase your income, receive a charitable deduction, and avoid capital gains taxes*

If you own stock that is paying you low dividends, such as 2 percent or 3 percent, a “life-income” gift may be appropriate. You could transfer the stock to the Council and establish a “charitable remainder unitrust” or “charitable remainder annuity trust” that would provide you with a 5 percent or greater annual return. This income would be paid to you and/or a loved one for life, after which the assets would be distributed outright to us. Through such an arrangement, you would be increasing your income and making a meaningful (and tax-deductible) contribution to the Council at the same time. Your attorney or tax adviser should assist you in drawing up any trust arrangement.

**Example:** *Suppose Mrs. Jones, age seventy, purchased some stock many years ago for \$10,000, and the stock is now worth \$100,000. But she receives only \$2,000 per year in dividends, or a 2 percent yield. By transferring the stock to a charitable remainder trust and specifying that she wanted a 6 percent return for life, she could:*

1. *Triple her annual income (from \$2,000 to \$6,000);*
2. *Avoid the capital gains taxes she would otherwise incur on a sale of the stock; and*
3. *Be entitled to a charitable deduction of approximately \$54,000. (The amount of the deduction depends on the age of the donor, the rate of return specified in the trust, the size of the gift, and other factors.)*

## IN CONCLUSION

A brochure cannot tell you everything you need to know about planned giving and which method would be the most advantageous for your particular financial and estate planning situation. Check with your attorney, accountant, or other tax adviser for additional information on how these general rules apply to your situation. Not all of the available methods of giving could be included in this brochure, and not all of the tax ramifications of each form of gift could be discussed.

The Council on Foreign Relations appreciates your interest and support, and would be pleased to provide you with additional information on the many advantages of planned giving. We would be honored to include you as a member of the Council on Foreign Relations Legacy Society.

*This brochure is printed on 100-percent post-consumer-waste paper certified to the standards of the Forest Stewardship Council.*

