



The Laura E. Settle Scholarship Foundation Needs You!

Support Tomorrow's Teachers Today ...

*"This scholarship will help me realize
my dreams of becoming an elementary teacher."
— Eva Sanchez*



**Look inside
for details on a
"Win-Win" Charitable
Gifting Program...**



LAURA E. SETTLE SCHOLARSHIP FOUNDATION
California Retired Teachers Association
800 Howe Avenue, #370 | Sacramento, CA 95825 | 800-523-2782
www.calrta.org

Feel Good About Giving ...

The **Laura E. Settle (LES) Foundation** has been making a difference in the lives of future California teachers for over 50 years, awarding tens of thousands of dollars each year to help students pursue their education. Established in the '50s, the Foundation was named after Laura E. Settle, the founder and first president of the California Retired Teachers Association (CalRTA). Each year the Foundation awards 30 scholarships at the participating University of California and California State University campuses.

The LES Foundation is funded through gifts, donations and bequests and offers CalRTA members a way to keep “giving back,” though this time to future teachers instead of students. CalRTA has developed a Life

Insurance Charitable Gifting Program which creates a link of funds for the Foundation.

GLOSSARY –

- ***Required Minimum Distribution***

– Federal law requires that owners of tax-deferred accounts, such as IRAs and TSAs, must begin taking taxable deductions at age 70½. If donated, a significant tax savings could result.

- ***Appreciated Asset*** – An asset such as a stock, land, or a collectable that has increased in value and is subject to Capital Gains Tax.

- ***Charitable Remainder Trust*** – when an estate owner retains the income on an asset but transfers his or her rights of the remainder to a trust. To qualify for an income tax deduction the trust must be a unitrust, an annuity trust, a pooled income fund or a charitable gift annuity.

- ***Insurance Proceeds*** – Based on the face value of a life insurance policy.

Life Insurance Charitable Gifting Program

Some people worry their retirement funds won't last through their retirement years, but for many, retirement resources are not exhausted prior to their death. And a recent study showed that only 17 percent of Americans have their estate planning affairs in order. Estate planning, done *improperly*, can result in much higher tax rates for heirs – upwards of 40 percent in some cases. That money is gone, simply because the estate planning was not done, or was done improperly.

What do you need to do to protect your heirs and “make a difference” as well?

If you have no beneficiaries to leave your assets to, you might consider setting up a legacy through the LES Foundation for future educators, or you might divide your assets between the LES Foundation and your heirs.

“I am truly touched by your generosity and kindness. I can assure you that I will spend the money wisely, and that your dedication and wonderful efforts will enable me to become a committed educator of our future generations.”

—Nicole Ohana

The Plan in a Nutshell

Obviously you **MUST** have professional help to set this up properly, but here are two examples of how this might work:

- ***Donate an asset*** — an appreciated asset is donated to a Charitable Remainder Trust (CRT). The Charitable Remainder Trust can sell the appreciated asset and receive significant income tax deductions for the donor. The LES Foundation then utilizes or sells the asset, tax-free and sets up a lifetime income for the donor. The donor can also use an Asset Replacement Trust and purchase life insurance for the donor's heirs, thus replacing the value of the appreciated asset.
- ***Purchase life insurance*** — a life insurance policy is purchased on the life of the donor using Required Minimum Distributions, making the distributions a charitable gift and reducing the donor's overall income tax burden. This method allows an individual with limited assets to “leverage” their donation. The value of the policy is inherited by the LES Foundation. The value is usually much greater than the amount of the donation. This technique is the simplest and allows an individual with limited means to “leverage” their donation's value.

The Result

With some effective estate planning these examples can often be a true Win-Win. Again, you will need to seek independent tax and estate planning advice as you prepare your trusts. The Laura E. Settle Scholarship Foundation's Life Insurance Charitable Gifting Program helps you take care of yourself AND help a future California teacher.