Celebrate your Legacy
LIVE UNITED
PERPETUATE YOUR UNITED WAY GIFT
United Way MISSION

United Way of Tucson and Southern Arizona responds to our community’s needs, transforms individual lives and brings long-lasting, systemic change to our community by focusing on the key, underlying issues. We fight for education, financial wellness, equity and healthy communities for every person in Tucson and Southern Arizona from birth to end of life. Our role as community convener enables us to form strategic partnerships, mobilize the best resources and be the catalyst for needed, positive change.

MISSION:
Building a thriving community by uniting people, ideas and resources.

VISION:
A community where every child receives a high-quality education from birth to career, every adult has the opportunity to thrive financially and in the workplace and every older person can retire and age with dignity and independence.

United Way goes beyond temporary fixes to create lasting change in our community. We convene people and organizations to find innovative solutions that positively impact more than 200,000 lives in Southern Arizona every year.
Imagine a community where...

Every child receives a high-quality education from cradle to career.
Every adult has the opportunity to thrive financially and in the workplace.
Every older person can not only retire, but age with dignity and independence.

As United Way celebrates its 100th anniversary in 2022, a Centennial Endowment Fund has been established with the goal of reaching $25 million. Reaching our endowment goal will help to sustain the United Way of Tucson and Southern Arizona Community Impact Fund through the next 100 years.

"Claude and I believe in the future of this community. By investing in United Way's Centennial Fund, we know we're playing a part in laying the foundation for supportive programs that will reap dividends long into the future. Our community is our legacy, and we are proud to do our part to make Southern Arizona strong and healthy for generations to come."

- Catherine and Claude Merrill, Centennial Fund Donors.
HOW TO PERPETUATE YOUR UNITED WAY GIFT.

There are many ways for you to contribute to our community’s future through a gift to United Way. The best one for you will depend on your personal and financial situation.

To perpetuate or “endow” your United Way gift, you would designate a gift, either outright or deferred, of at least 20 times the annual United Way Tocqueville gift. For example, if you wish to perpetuate a $25,000 annual Tocqueville gift, you would make a gift of at least $500,000. If this is a current gift, the principle of the gift would be held in United Way’s Centennial Endowment Fund. You could also hold the principle of this gift in your private foundation or an institution of your choosing. The income generated each year from this gift would perpetuate your annual gift. If a deferred gift, it would come into effect at your passing.

Below are a number of financial vehicles to consider. You should consult your financial planner and/or attorney on gifts of this nature. These gifts offer the potential for income and capital gains tax savings or deductions that may reduce estate taxes. In addition, some employers match employee gifts which can further lower your cost.

DESIGNATING UNITED WAY IN YOUR WILL (MAKING A BEQUEST)

This is a very popular giving technique. You can designate a specific amount or a percentage of your estate to United Way. You can create a new will or modify an existing will by adding a codicil or amendment.

MAKING UNITED WAY THE BENEFICIARY OF LIFE INSURANCE, EITHER AN EXISTING OR NEW POLICY

You would designate United Way as the beneficiary of the life insurance policy. You can modify an existing policy or take out a new one. To receive an income tax deduction, you should be sure that United Way is the beneficiary and owner of the policy so that the value of the policy you contribute or future premiums you make are tax deductible. Life insurance is a particularly good option for Tocqueville donors in their 40s and 50s since premiums are lower.

CREATING A “SPLIT INTEREST GIFT” SUCH AS A CHARITABLE GIFT ANNUITY, CHARITABLE REMAINDER TRUST AND CHARITABLE LEAD TRUST

These gifts can provide income to you and also benefit United Way.

DESIGNATING UNITED WAY THE BENEFICIARY OF A RETIREMENT ACCOUNT

This gift is simple to make and very beneficial from a tax viewpoint. It is a tax-efficient asset to contribute because United Way does not pay taxes on amounts received. These same funds would otherwise be subject to income tax and, in some cases, estate taxes if left to heirs. You would work with your account administrator to designate United Way as a beneficiary of your retirement account.

OUTRIGHT GIFT OF CASH OR LONG-TERM APPRECIATED STOCK

You contribute cash or transfer stock to United Way. You receive an income tax deduction and, for the stock, you avoid the capital gains tax.

BEQUESTS

A bequest provision (or living trust) can easily be incorporated into a new will or added to an existing will.

A gift through your will or estate plan allows you to:

• Care for loved ones while also generously supporting your community through United Way.
• Maintain control of your assets during your lifetime.
• Change your mind if your circumstances change.

The following illustrates the type of language that can be included in a will:

BEQUEST FOR A GIFT OF CASH OR A SPECIFIC AMOUNT OR ASSET

“I give the sum of $____ (or gift of __ shares of ABC stock) to United Way of Tucson and Southern Arizona.”

BEQUEST OF A PERCENT OF YOUR ESTATE

“I give ___% of the remainder of my estate to United Way of Tucson and Southern Arizona.”

BEQUEST OF THE REMAINDER OF YOUR ESTATE

“I give the residuary of my property, after other beneficiaries have been satisfied, to United Way of Tucson and Southern Arizona.”

When your attorney is preparing your will or estate plan, please use the full legal name – United Way of Tucson and Southern Arizona.

EXAMPLE

Joe and Anna have been faithful Tocqueville Society members. They believe it is important to support United Way’s mission in the community. They wanted to perpetuate their annual gift and also leave a generous legacy to their children.

Since Joe and Anna already have a will, they need to ask their attorney to prepare a “codicil” (amendment) stating their desire to make a bequest to United Way.

WHO GENERALLY USES THIS APPROACH TO PERPETUATE THEIR ANNUAL TOCQUEVILLE GIFT

All adults should have an estate plan. Wills or living trusts are the most common ways to plan. The decision to perpetuate your Tocqueville gift is a very good time to initiate your planning or review your existing plans.
LIFE INSURANCE

LIFE INSURANCE OFFERS THE OPPORTUNITY TO SIGNIFICANTLY INCREASE YOUR GIFT WITH LOWER OUT-OF-POCKET COSTS.

PAID UP POLICIES (where no additional premiums are due). You may contribute an existing policy and name United Way the owner and beneficiary. You may receive a tax deduction for the approximate cash value of the policy.

POLICIES WITH PREMIUMS LEFT TO BE PAID
You may name United Way the owner and beneficiary of existing policies with premiums remaining to be paid. You may receive an income tax deduction on the approximate cash value of the policy and on future payments you make to keep the policy in force.

EMPLOYER INSURANCE
If your employer provides group term life insurance and pays the premiums, you can name United Way a beneficiary of that policy and potentially avoid paying taxes on a portion of this group benefit included in your taxable income.

OTHER INSURANCE
You can name United Way the full beneficiary, or a percentage beneficiary, of any life insurance policy you own. While there is no income tax deduction for this kind of gift, you have the flexibility to make modifications in the beneficiary designation if circumstances change.

NEW INSURANCE
You may also purchase a new life insurance policy with United Way being the owner and the beneficiary. Such policies are paid up over 5 years. United Way of USA is currently creating a life insurance program that will offer favorable rates, the opportunity for income tax deductions, and will be easy to implement both for you and your United Way.

EXAMPLE
Mary and Tom Jones are in their mid forties. Tom is with a major Fortune 500 company. Mary and Tom have 2 children. The Joneses have been Tocqueville Society members for 5 years and would like to perpetuate their annual gift but, at this point in their lives, do not have the resources to make a major outright gift. Also, they want to take advantage of Tom’s company’s matching gift program where the company matches dollar-for-dollar their annual United Way gifts.

Life insurance is the ideal financial vehicle for them. Due to their ages, the premiums are very reasonable and allow them to perpetuate their annual gift at a cost significantly lower than an outright gift.

- Tom’s company will match his gift so the out-of-pocket cost for Tom will be half of the total premium.
- Tom will receive an income tax deduction for his portion of the premium.
- Tom will be recognized for a higher current annual Tocqueville gift with the cost of the life insurance premium added to his annual Tocqueville gift.
- Tom and Mary will not disrupt their current estate plan.

SAMPLE COSTS FOR $200,000 LIFE INSURANCE POLICY FOR MALE 45 YEARS OLD

<table>
<thead>
<tr>
<th>Age</th>
<th>Type</th>
<th>5-Yr Annual Premium</th>
<th>Income Tax Savings: 33% Tax Bracket</th>
<th>After Tax Annual Cost of Gift to Donor</th>
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</thead>
<tbody>
<tr>
<td>30</td>
<td>Single Life</td>
<td>$4,000</td>
<td>-$1,300</td>
<td>$2,680</td>
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<tr>
<td></td>
<td>Two Life</td>
<td>$1,800</td>
<td>-$ 594</td>
<td>$1,206</td>
</tr>
<tr>
<td>40</td>
<td>Single Life</td>
<td>$6,100</td>
<td>-$2,013</td>
<td>$4,087</td>
</tr>
<tr>
<td></td>
<td>Two Life</td>
<td>$3,000</td>
<td>-$ 990</td>
<td>$2,020</td>
</tr>
<tr>
<td>50</td>
<td>Single Life</td>
<td>$8,300</td>
<td>-$2,739</td>
<td>$5,561</td>
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<tr>
<td></td>
<td>Two Life</td>
<td>$5,050</td>
<td>-$1,667</td>
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<tr>
<td>60</td>
<td>Single Life</td>
<td>$12,000</td>
<td>-$4,158</td>
<td>$8,442</td>
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<td></td>
<td>Two Life</td>
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<td>70</td>
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<tr>
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<td>Two Life</td>
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<td>-$3,795</td>
<td>$7,705</td>
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WHO GENERALLY USES THIS APPROACH TO PERPETUATE THEIR ANNUAL TOCQUEVILLE GIFT
Making a gift of life insurance is a desirable, low-cost way to perpetuate a gift. In fact, it magnifies the amount of the gift you are able to make since your out-of-pocket cost is for the premium which may be tax-deductible. In some cases, a portion of the cost of the premium may be paid by your employer through a matching grant program.

Generally, the creation of new life insurance policies is most popular for Tocqueville members who are between the ages of 40 and 60. Gifts of existing life insurance policies are desirable for all Tocqueville donors.

To make a gift of life insurance, you would work with the major gifts or planned giving officer at your United Way.
**SPLIT INTEREST GIFTS**

This gift provides income to you and/or your beneficiaries during your lifetime (or theirs) and also benefits your community.

The gift is structured so that the income from the asset is separate from the asset itself. The income benefits one person or group of people and the asset goes to another. The most popular “split interest” gifts are:

**CHARITABLE LEAD TRUSTS**

These are the reverse of charitable remainder trusts. The owner of the asset designates United Way as the recipient of the current income from the asset. Then, on his or her death, the asset returns to the donor or the beneficiary named by the donor.

Charitable lead trusts are often used to benefit United Way with current income and optimize the size of the asset that will be passed along to the heirs tax-free.

**EXAMPLE: CHARITABLE LEAD TRUST**

Alice and Robert Jones were able to make a significant tax-free gift to their grandchildren, continue their annual Tocqueville gift, and create an endowment fund at United Way…all through the creation of a charitable lead trust. The trust makes annual distributions to United Way for 20 years. A portion of the distribution is used for their annual Tocqueville gift and a portion is placed in an endowment fund that will perpetuate their annual Tocqueville gift when the trust terminates. At the end of 20 years, the grandchildren will receive the trust’s assets, that, hopefully, will have appreciated in value, tax-free.

**LIFE ESTATES**

This gift involves real estate. It is usually the irrevocable gift of a house, either a primary or secondary (often a vacation home), to United Way. It allows the owner of the home to live in it during his or her lifetime. Then the gift is transferred to United Way. The owner must maintain the home and pay the property taxes. The donor receives an income tax deduction for the charitable portion of the gift.

**EXAMPLE: LIFE ESTATE**

Tammy Wills is a United Way Loyal Contributor and Tocqueville Society member who owns a vacation home worth $700,000 which she bought for $400,000 in 2002. Her children have expressed no interest in inheriting the vacation home nor do they want the burden of selling it when Tammy is gone. Tammy wants to support her community by making a substantial gift of her vacation home to her United Way. But she wants to continue living there.

Tammy decides to give the remainder interest in her vacation home to United Way and retain life estate for herself. She can continue to live in the house until her death. She has agreed to pay the property taxes and maintain the home. At her death, ownership of the home will be transferred to United Way. Tammy will receive a large and immediate income tax deduction (over $300,000 based on the remainder value of the property and her age). The house will also be removed from her estate and therefore will not be subject to estate taxes. Tammy has the satisfaction of knowing that she will be benefiting her community well into the future.

**WHO GENERALLY USES THIS APPROACH TO PERPETUATE THEIR ANNUAL TOCQUEVILLE GIFT**

“Split interest” gifts are usually used by donors who would like to make a planned gift to United Way but would like to either benefit from the income of that gift or use of the asset during their lifetime or retain the asset to pass along to their heirs. There are also considerable tax benefits and deductions associated with these gifts that can be desirable for the donor and benefit United Way. An attorney or financial planner is your best source for specific guidance about whether “split interest” gifts are right for you and, if so, which is best.

Information and calculations are for illustration purposes only and should not be considered legal, accounting or other professional advice. Your actual benefits may vary depending on the nature and timing of the gift and your particular circumstances.
YOU MAY DESIGNATE UNITED WAY AS A BENEFICIARY OF YOUR RETIREMENT PLAN, INCLUDING ANY 401(K) PLANS AND INDIVIDUAL RETIREMENT ACCOUNTS (IRAs).

When making a choice about which assets to pass along to heirs and which to give to United Way, designating United Way as the beneficiary of a retirement asset might be the most tax-efficient strategy. Income taxes and, in some cases, estate taxes could shrink an heir’s inheritance of a retirement asset by 60% or more. As a non-profit organization, designating to United Way means no taxes will be paid and your gift will not shrink. There are other benefits. Designating United Way as the beneficiary of a retirement asset is:

- Simple, often only requiring a change-of-beneficiary form
- Flexible if your situation changes, you can change your beneficiary(ies) and the funds are available for your use during your lifetime

Gifts of this nature should be discussed with your financial advisor to fully understand the planning implications for your own situation. Your retirement plan administrator can provide guidance on your plan’s change-of-beneficiary procedures.

EXAMPLE OF 401(K) BEQUEST

Barbara Hammill retired after forty years as a technology specialist. She had volunteered for many years with United Way and is a long-term Tocqueville Society member. Barbara wants to perpetuate her Tocqueville gift. She sees naming United Way the beneficiary of her retirement asset as the best way to accomplish her goal, leaving other assets to her heirs. Barbara will continue to receive income from her retirement asset during her lifetime. Ultimately, United Way will receive her gift and Barbara’s impact on the community will continue through her perpetuated (or endowed) Tocqueville gift.

IRA CHARITABLE ROLLOVER

Donors can use IRA rollover donations (also referred to as “qualified charitable distributions” or “QCDs”) to leave a legacy gift to United Way’s Centennial Fund. IRA owners aged 70 ½ or older can make a direct, tax-free transfer of up to $100,000 a year from their individual retirement account to a public charity. Donors can make a multi-year commitment to give their QCD to United Way to ensure the most vulnerable populations are taken care of in perpetuity.

EXAMPLE OF IRA CHARITABLE ROLLOVER

John and Betty Smith are Tocqueville members and decide to perpetuate their annual gift by committing $75,000 of their QCD annually to the Centennial Fund for 10 years for a total gift of $750,000.

HOW AN IRA CHARITABLE ROLLOVER GIFT WORKS

- Contact your IRA plan administrator to make a gift from your IRA to United Way.
- Your IRA funds will be directly transferred to our organization to help continue our important work.
- Please note that IRA charitable rollover gifts do not qualify for a charitable deduction.
- Please contact us if you wish for your gift to be used for a specific purpose.

BENEFITS OF AN IRA ROLLOVER GIFT

- Reduce your taxable income, even if you do not itemize deductions.
- Donation counts toward your annual required minimum distribution if you are at least 72 years old.
- Make annual transfers of up to $100,000 each year.
- Have an immediate charitable impact during your lifetime.

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**Retirement Accounts Cont.**

The table below compares the tax implications of transferring funds from her IRA to United Way vs leaving it in her estate.

<table>
<thead>
<tr>
<th></th>
<th>Transfer to United Way</th>
<th>Pass to Heirs Through Estate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of IRA</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Estate Tax (40%)</td>
<td>$0</td>
<td>$80,000</td>
</tr>
<tr>
<td>Transfer to Heirs</td>
<td></td>
<td>$120,000</td>
</tr>
<tr>
<td>Income to Heirs (35%)</td>
<td></td>
<td>$42,000</td>
</tr>
<tr>
<td>Total Transfer</td>
<td>$200,000</td>
<td>$78,000</td>
</tr>
<tr>
<td>Total Tax</td>
<td>$0</td>
<td>61%</td>
</tr>
</tbody>
</table>

**Who Generally Uses This Approach to Perpetuate Their Annual Tocqueville Gift**

Designating United Way as the beneficiary of a retirement plan or an IRA is a great way to maintain the full value of your IRA and not have it reduced by either estate tax or income tax paid by your heirs. It is desirable for people with a significant IRA and/or those who have other sufficient assets to pass along to their heirs.

To designate United Way as the beneficiary of a retirement account, you would work with the retirement account administrator. It is a simple transaction to change the beneficiary.

**Donor Advised Fund**

United Way also offers Donor Advised Fund accounts (DAFs) to help you distribute your philanthropic dollars throughout the year. A DAF is an account where an individual can make a charitable gift to enjoy an immediate tax benefit and retain advisory privileges to distribute charitable gifts over time. When your account is created, name United Way of Tucson and Southern Arizona as the beneficiary of the fund. Any remaining funds will be transferred to the Centennial Fund upon your death.

DAFs are the fastest-growing charitable giving vehicle in the United States because they are one of the easiest and most tax-advantageous ways to give to charity. Once you establish your fund, you can continue to add to it anytime, receiving tax benefits with each new gift.

**Example of a Donor Advised Fund**

Joanne Brown has many nonprofit organizations that she likes to support. She decides to open a DAF with United Way of Tucson and Southern Arizona with $1,000,000. For the next 10 years, Joanne recommends gifts from the DAF to her favorite charities, spending $250,000 of the fund. Upon her death, the remaining $750,000 in the fund is transferred to the Centennial Fund.

**Benefits of a DAF**

- Maximize tax benefits.
- Contribute immediately; build a philanthropic strategy, and donate when you’re ready.
- Grow your contributions over time, making more charitable dollars available to nonprofits.
- Guarantee philanthropic dollars reach the causes you care about with an irrevocable contribution.
- Simplify organization and administration.
- Create a charitable legacy.
- Choose how you are acknowledged.
- Develop a philanthropic vision and philosophy.

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OUTRIGHT GIFTS OF CAS OR STOCK

INDIVIDUALS WITH SIGNIFICANT STOCK ASSETS OFTEN MAKE OUTRIGHT GIFTS OF STOCK TO PROVIDE AN IMMEDIATE GIFT TO UNITED WAY, AVOID CAPITAL GAINS TAX AND RECEIVE AN INCOME TAX DEDUCTION.

You make an outright gift of cash or securities that, when invested in United Way’s endowment fund, generates sufficient income to perpetuate your annual Tocqueville gift. If you donate appreciated securities held long-term, you would transfer them directly to United Way so that they pass directly and are not subject to capital gains tax. This will magnify the size of the gift. You will be able to deduct the value of the stock on the date of the gift.

EXAMPLE OF A DONATED GIFT OF LONG-TERM APPRECIATED STOCK

Mary and Bob Smith are both highly paid professionals and received large bonuses at the end of the year. They also have a significant portfolio of highly appreciated stock they purchased many years ago. Mary and Bob strongly believe in supporting their community through United Way. They decide to contribute stock they purchased for $50,000 that is now worth $200,000 to perpetuate their annual Tocqueville gift. Since this stock is being transferred to United Way, they avoid capital gains tax. They will also receive a significant income tax deduction.

<table>
<thead>
<tr>
<th>GIVING STOCK VS. CASH</th>
<th>GIFT IN STOCK</th>
<th>GIFT IN CASH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Size of your gift</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>Income Tax Savings (35%)</td>
<td>$70,000</td>
<td>$70,000</td>
</tr>
<tr>
<td>Capital Gains Tax Savings (20%)</td>
<td>$30,000</td>
<td>NONE</td>
</tr>
<tr>
<td>After Tax Cost to You for This Gift</td>
<td>$100,000</td>
<td>$130,000</td>
</tr>
</tbody>
</table>

WHO GENERALLY USES THIS APPROACH TO PERPETUATE THEIR ANNUAL TOCQUEVILLE GIFT

Individuals with significant long-term appreciated stock assets often make outright gifts of stock to provide an immediate gift to United Way, avoid capital gift tax and receive an income tax deduction.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity allows a donor to make a significant gift to United Way but also derive an annual annuity payment during their lifetime. A charitable gift annuity is a simple contract between the donor and United Way in which the donor transfers an asset to United Way in exchange for a fixed, guaranteed annual annuity for life. Annuity payout rates for gift annuities are based on the age of the annuitant when the payments begin — the older the annuitant, the higher the payout rate. At the death of the annuitant, the remainder of the asset, known as the residuum, goes to United Way to perpetuate the annual gift. Gift annuities are designed to produce a residuum equal to 50% of the initial gift although actual experience is 70% or higher. Charitable gift annuities are irrevocable gifts.

EXAMPLE OF A CHARITABLE GIFT ANNUITY

Sarah Davis contributed to United Way for many years through a workplace campaign. She is now a Loyal Contributor and Tocqueville Society member eager to perpetuate her annual Tocqueville gift.

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Initiated in 1984, the Tocqueville Society is a national United Way recognition society designed to deepen the understanding, commitment and support of United Way’s most generous and community-minded investors. The Society was founded in honor of the French historian Alexis de Tocqueville who visited America in 1831. Tocqueville’s most important observation was that Americans helped each other in times of need.

As a Tocqueville Society member, you help set the standard for charitable giving in Southern Arizona. Your passion and commitment will inspire others and make long-term improvements in the critical areas of Education, Financial Wellness and Health. You become part of a distinguished group that understands how generosity today impacts the generations of tomorrow.

The United Way Tocqueville Society aims to:

- Change lives through philanthropic leadership focused on the building blocks for a better life: a quality education that leads to a stable job; income that can support a family through retirement; and good health.
- Communicate the vital role of personal philanthropic action in creating long-lasting changes.
- Expand high-level personal giving and United Way Major and Planned Giving programs.

“I have seen Americans making great and sincere sacrifices for the key common good and a hundred times I have noticed that, when needs be, they almost always gave each other faithful support.”

-Alexis de Tocqueville