



United Way Foundation of Central Connecticut

ForeSight

A Publication for Forward Thinking Individuals

Year End Tax Plans

- Tax Rates Dropping
- Deduction limitations phasing out
- Marriage penalty reductions
- AMT issues could limit future deductions
- Further incentives for those retiring in next ten years

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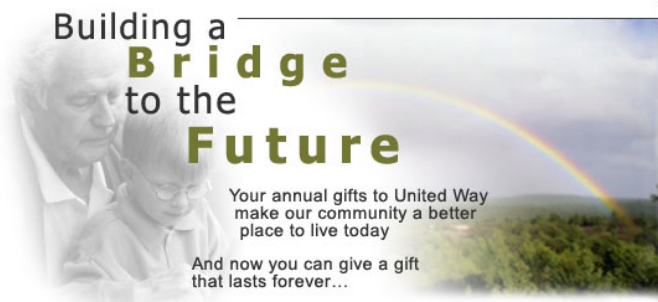
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Year End Tax Planning: A Unique Opportunity in '02 & '03

The end of the year is drawing near, and it's time to take a look at our tax liability for the year. We should think about paying nearly 45% of our marginal income for our

Federal income tax. Yes, rates have declined, from a maximum of 39.6% to 38.6 for this year. By 2007 the maximum rate will decline to 35%. Don't forget that there are limitations on itemized deductions for "high income earners" that can reduce itemized deductions by 3%, effectively raising tax rates by 3%. This limitation disappears in 2006. If that isn't enough, we face a phase-out of our personal and dependent deduction which amounts to 2% for each \$2500 of income above a threshold. This amounts to still another tax on our marginal income. This penalty is also scheduled to phase out by 2009.

Consider this: a taxpayer who today has a marginal tax rate of say 42% and is considering retiring in five years could realize a considerable advantage from maximizing his charitable gifts now. By 2008, that 42% will have dropped to 35% AND there will be relief in the marriage



penalty that is difficult to calculate. A natural drop in income level should further reduce tax liabilities by another 3–5%, making a charitable deduction today 30% more tax effective. Finally, IRS has been hinting that the dreaded AMT may further limit future deductions.

To put it as simply as possible, for a married individual, planning to retire in the next ten years, a charitable gift this year or next could result in a deduction that is 50% greater than if the gift were given in 2010. It is possible to gain even greater leverage with a gift of appreciated stock. (Page 3) and with a Donor Advised Fund (Page 4) to spread the benefit of the gift over multiple charities and years.

To learn more, contact Mike Zearth at the Foundation (860-346-6001) or log on to our new web site at:

www.unitedwayfounddationcc.org

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The United Way Foundation of Central Connecticut recently announced its new web site

<http://www.unitedwayfoundationcc.org>.

The site provides prospective donors with information about the Foundation



and contribution options that offer tax advantages. It also includes links to other sites of interest to the philanthropist.

A notable section of the site is the *Handbook for Attorneys, Advisors and Donors* which includes information on Charitable Remainder Trusts, Pooled

Income Funds, Donor Advised Funds and other resourceful ways to contribute to the Foundation. The Handbook contains all of the necessary forms and language to execute the methods of donating which are covered within its pages.

The web site also includes a Letter of Intent form which can be downloaded and printed for donors who wish to make a contribution in their lifetime or bequeath a gift as part of their estate planning to the Foundation. An on-line contact form is available should a donor require additional information on any of the aforementioned topics.

A New Image Exemplifies the Foundation's Focus on Central Connecticut

The Foundation serves the communities of Berlin, Cheshire, Cromwell, Durham, Meriden, Middlefield, North Haven, Southington and Wallingford.

The United Way Foundation of Central Connecticut has adopted a new logo which is designed to emphasize its geographic focus.

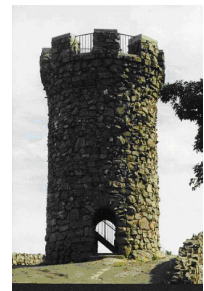


The logo consists of three primary elements, the most obvious of which is the map of Connecticut. The second is a depiction of Castle Craig, a well-known landmark in the Central Connecticut that symbolizes permanence and security.

The third and less obvious element is a depiction of a roadway curving toward the Castle. This final illustration sym-

bolizes the number a major highways that converge in Central Connecticut, making it a focus of commerce for the State.

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Castle Craig, a dominant feature of the Central Connecticut landscape is the anchor for our new logo

Corporate Support: a Keystone for progress

A key to the long term survival of the Foundation is generating and maintaining support from Central Connecticut companies and organizations. To achieve this, the Foundation has made building partnerships with local companies and organizations a central focus of its long-term strategic plan. In the coming months, we will be encouraging area corporations to help us establish a legacy of philanthropy in Central Connecticut. The partnerships that we create will enable us to offset administrative and fund-raising costs, provide challenge grants to help stimulate donor participation, and increase funding to local charities and community services in need.

At this time, the Foundation would like to thank its founding partners, the United Way of Meriden and Wallingford and Yankee Gas Services Company, each of whom provided grants enabling the Foundation to open its doors. As a result of their continued support, these two organizations have become charter members of our Keystone Partners program and models for prospective donors to follow.

In the coming months we will be approaching area companies and organizations, encouraging them to help us in establishing a legacy of philanthropy for central Connecticut.



A keystone is central to a sound structure.

Don't Be Confused

You may recall seeing a United Way commercial in which the actor is confused about what the United Way does. Well, we don't want you or anyone else to be confused about the purpose of the United Way Foundation of Central Connecticut. The Foundation is a totally independent corporation that was created several years ago to provide residents of Central Connecticut with a way to make enduring gifts to their

communities. The Foundation's focus is to provide stability to social and human services programs carried out by individual United Way organizations and affiliated agencies. Unlike those organizations that focus their fund-raising efforts around immediate needs, the Foundation's purpose is to secure and preserve long-term revenue sources.

Stock Gifts: A Win-Win

Despite the market downturn in recent years, many investors own appreciated stock that can be donated to create a uniquely leveraged giving opportunity. The leverage in a stock gift emanates from the ability of the donor to take a charitable deduction for the full appreciated value of his or her



stock. Stock gifts can often provide a source of cash flow to investors in closely-held companies or to investors who have restrictions on their ability to sell their stock.

To learn more about the win-win opportunities in donating stock, contact Mike Zebarth at the Foundation or log on to our new Web site at:

unitedwayfoundationcc.org

Appreciated shares of Stock present a uniquely leveraged giving opportunity

Donor Advised Funds

Having read about year-end tax planning, you may be ready to reduce your taxes by putting your money to work in your community. If this is the case, you probably have two immediate concerns. First, you don't want to make a hurried decision about where to put your money. Second, you want to maximize your philanthropy by spreading your contributions over a number of years.



What can you do? Establish a

Donor Advised Fund. These funds can be set up with the Foundation and will be invested in a manner ensuring growth and availability of funds for gifts far into the future. A Donor Advised Fund can be established with an irrevocable gift of cash or securities. The donor claims the tax deduction entirely in the year of the

gift and is permitted to name advisor(s) and successor advisor(s). The donor also has the ability to name the fund as he or she sees fit (e.g., The John and Judy Doe Charitable Gift Fund).

Advisors of the fund can request to send a gift (minimum \$500) at any time to an IRS-accepted, not-for-profit agency. Such organizations will receive a check issued by the United Way Foundation and a letter explaining the gift to the recipient. Earnings from the investment of the fund accrue within the fund and are eligible for future giving. Additional funds or securities can be added by donors at any time. To set up your Donor Advised Fund, give Mike Zebarth a call at the Foundation (860)346-6001 to make an appointment.

A group of community-minded individuals committed to building a lasting source of funds to meet the needs of Central Connecticut communities for years to come.

Foundation Officers

At the annual meeting of the Foundation in March 2002, Philip Ashton, Founding President, stepped down from the Presidency, and the Board of Directors of the Foundation elected John F. Phelan to the office. Mr. Phelan, who resides in Cromwell, is retired from The Gardner Kirby Insurance Company. He is both a founder of the United Way Foundation and its principal benefactor to date.

The trustees also elected David E. Wyskiel to the office of Treasurer and Rosemary Propper to the office of Secretary. Mr. Wyskiel, a Meriden resident, has been the Foundation treasurer since its inception and is

partner in the law firm of Solomon, Krupnikoff & Wyskiel, PC.

Mrs. Propper, a Wallingford resident, has served on the Board of the Foundation since its beginning. She is a retired Human Resources Executive. Mrs. Propper retired from B. Altman & Co. of New York.

The Foundation is governed by a twelve member Board of Directors which meets monthly and a group of thirty plus trustees who meet at least once per year. Trustees are appointed by each of the member agencies and by the mayors and

CornerStone Society: Individuals with Foresight

The Foundation is pleased to announce the formation of our CornerStone Society to acknowledge those individuals who have either contributed to the Foundation or have signed letters of commitment to bequeath a gift through their will. Recently,



A cornerstone can anchor a foundation for centuries

the Foundation received a bequest from the estate of Mr. Phillip Hall and a Letter of Intent from Mr. Frank Ridley. The names of these two benefactors have been added to our CornerStone Society membership list.

- Jane & Philip T. Ashton
- Barbara E. and Jack R. Brooks
- Bruce C. Eldridge
- Bruce A. Fontanella
- Phillip H. Hall
- Barbara D. Iwanicki
- Eugene Luchansky
- William J. Meade
- Ronald J. Meoni
- John F. Phelan, Sr.
- Kristin E. Plashinski
- Rosemary C. Propper
- Frank W. Ridley
- Charles F. Rood
- Mr. & Mrs. John A. Shulga
- Carter H. White
- John Wooding
- David E. Wyskiel

Memorial Gifts

- Donald T. Dorsey
- Ralph Maldonado

Other Gifts in Honor of Individuals

- Deborah Ashton Molloy

A memorial gift to the Foundation is an excellent way to preserve the memory of a departed loved one

Phase II: Growth for the Future

With the Foundation in place for several years, strong leadership of dedicated trustees and directors, and the procurement of a number of initial seed donations and bequests, we have successfully completed Phase I of our development strategy.

"We are now poised to enter Phase II of the Foundation's long-term, strategic growth plan," according to John Phelan, President of the United Way Foundation of Central Connecticut. "The Foundation needs to grow \$5 million to survive and \$10 million to thrive," he advised.

Last Spring, the Foundation's Board set

its strategy for a growth phase by applying for a grant from the United Way of Meriden and Wallingford. The purpose of the grant was to finance a part-time Executive Director position and begin implementing the Foundation's marketing campaign. The Foundation was awarded the \$30,000 grant, which is expected to fund activities of the Foundation for one year. During that time, the Board hopes to obtain long-term financing for administrative functions and to meet a goal of \$1 million in capital funds invested.

"The Foundation needs to grow to \$5,000,000 to survive and \$10,000,000 to thrive"



United Way Foundation of Central Connecticut

The United Way Foundation of Central Connecticut was incorporated in early 1998 to provide for the charitable wishes of donors who desire to establish long-term support for families and individuals through the United Way and its certified agencies. The Objectives of the Foundation are to:

- Assist individuals in achieving their personal charitable goals in the most advantageous manner
- Encourage gifts and bequests to the Foundation for charitable purposes.
- Provide long-term source of additional revenues to supplement capital campaign and annual campaign funds for United Way certified agencies delivering essential human services.
- Provide a source of emergency funding for community needs.
- Administer lifetime and testamentary endowments, trusts and supporting foundations that promote the community's health and well being
- Receive, administer and allocate funds and property to support the special needs of the United Way, certified agencies and foundation-affiliated agencies and institutions.



United Way Foundation of Central Connecticut

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We're On the Web:
www.unitedwayfoundationcc.org

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**Michael A. Zebarth and
Pamela A. Myjak
Charitable Gift Fund,**

a Donor Advised Fund. To read about how you can enjoy tax advantages today and extend your philanthropy for years, be sure to read the article on page 4.