



PLANNED GIVING, BEQUESTS & NAMING OPPORTUNITIES

This memorandum provides information about various ways to make a charitable gift to The ASCAP Foundation. We hope it will help you discover an efficient and rewarding way to accomplish your charitable and financial objectives.

This will get you started by explaining different kinds of gift planning techniques. These techniques are suggestive of how to leave a permanent legacy through our organization. Of course, tax-planning considerations to meet your personal objectives and prevent undue erosion of your estate (and the estate of a surviving spouse as well) will require the advice of your attorney and personal accountant.

Useful Definitions At the outset, it will be helpful to define certain terms commonly used in the context of charitable giving.

A **charitable gift** is a contribution of money and/or property to a charitable organization, such as The ASCAP Foundation, that can result in a charitable contribution deduction, creating significant tax breaks for the donor. The term is generally synonymous with the words contribution and donation.

A **charitable contribution deduction** is one of the itemized deductions under the federal tax laws -- it is available for both individuals and corporations. At the federal tax level, there are three charitable contribution deductions in connection with (1) the income tax, (2) the estate tax, and (3) the gift tax. There are limits, however, as to how much of a charitable contribution deduction an individual may have in a year for income tax purposes; often, any excess over one of these limitations is deductible in a subsequent year.

A **planned gift** is a contribution to a charitable organization of money and/or property where one or more planned giving techniques are utilized. Some of those techniques are discussed below.

The term **planned giving** is a broad phrase that covers a variety of contributions made to charitable organizations. Usually, the term refers to a contribution of a donor's interest in money or an item of property, *rather than an outright gift of the entirety of money or property*. Technically, then, a planned gift is a gift of a *partial interest* in an item of property.

There are many ways for an individual to support The ASCAP Foundation -- through outright gifts of cash, securities, life insurance, real estate, and personal property. These gifts are always welcome. In addition, there are certain forms of **planned giving** that offer benefits to the donor as well.

A **planned gift** is one which is arranged during the donor's lifetime but does not accrue to The ASCAP Foundation until a future date. In other words, it is a deferred giving arrangement. And, in many instances, these gifts can provide the donor with significant tax advantages.

Planned Giving Techniques

Set forth below are a number of planned giving techniques available to provide support for The ASCAP Foundation. One or more may be appropriate to the donor's individual financial circumstances and objectives. These may offer significant tax savings and other advantages to the donor and his or her family.

Wills and Bequests

To guarantee that assets acquired during our lifetime pass to those we want to benefit, it is important to create a Will or "living trust" (a trust created during one's lifetime). These instruments provide the executor or trustee with a clear statement of the donor's intentions. The gift or "bequest" can consist of any money and/or property which can benefit The ASCAP Foundation and will be deductible for estate tax purposes.

Bequests may be made to The ASCAP Foundation by use of the following form for a bequest:

"I give and bequeath to The ASCAP Foundation, a non-profit corporation, the following assets or property (described here) for its general purposes,

- a. All the rest and residue of my estate, (or)
- b. ____ percent of my estate, (or)
- c. The sum of \$_____, or
- d. The following assets or property ____ (described here)."

An unlimited estate tax deduction is allowed for gifts of cash or other property bequeathed to The ASCAP Foundation in a Will. Different kinds of bequests can be included in your Will to carry out your wishes for each beneficiary. Attached to this memorandum is a sheet entitled "*Sample Bequest Language*" showing how any of the several types of bequests you may wish to consider may be accomplished.

Charitable Remainder Trust

This type of trust provides that the donor's designated beneficiary receives income for a specified period; the "remainder" (or principal) would then go to charity.

If the donor wants to benefit one or more individuals, such as family members, as well as The ASCAP Foundation, the donor can create a charitable remainder trust either by Will or during his or her lifetime. The amount payable to the designated beneficiary can either be an established annual sum (an annuity), or a percentage of the assets of the trust valued annually so that the payout varies as the value of the trust's assets would increase or decrease (a unitrust). (A unitrust works in much the same way as the annuity trust except for its flexible income feature that can sometimes be a cushion against inflation). A portion of the assets placed in the trust that will pass to The ASCAP Foundation is deductible for estate tax purposes (if the trust is created at death) or for income tax purposes and for gift tax purposes (if the trust is created during the donor's lifetime).

Another way to use this type of trust can also increase the donor's cash flow. Suppose the donor has real estate which has appreciated in value, but yields only a modest income. In order to increase income, the donor would have to sell the asset, but would thereby incur a substantial

capital gains tax. Rather than having all of the proceeds of the sale available for investment, only the balance would be available after the capital gains tax is paid. The donor is therefore faced with the dilemma of having a low-yielding but highly valued asset, or a very substantial capital gains tax to pay.

The creation of a charitable remainder trust can be the solution in many such situations. Appreciated assets donated to a charitable remainder trust, and then sold, do not result in the payment of capital gains tax while the proceeds of the sale are held in the trust. (The holder of the annuity or unitrust interest, however, would be subject to tax on an installment basis as the income is distributed to him or her over time.) Accordingly, the entire proceeds of the sale will be available to produce income, as opposed to only the net after-tax proceeds. Placing such assets in a trust prior to their sale can substantially increase the donor's income and, at the same time, result in an income tax deduction when the assets are placed in trust.

Charitable Lead Trust

Just as the donor can donate the principal and keep the income, so, too, the donor can donate the income and keep the principal if the trust is properly structured. In this way, The ASCAP Foundation enjoys the income from the asset during the donor's lifetime in exchange for an income tax deduction. After a set period, the trust terminates and gives the asset to whomever the donor specifies.

Gifts of Appreciated Property

Gifts of property, other than cash, that have been owned for at least one year are generally deductible at their fair market value rather than their original cost. This means that by giving property such as publicly traded stocks, other securities, real estate, etc., the donor gets an income tax deduction for the full fair market value and avoids paying income tax on the increase in value (appreciation). Gifts of appreciated property to The ASCAP Foundation are deductible up to thirty percent (30%) of the donor's adjusted gross income. Any excess deduction is available to be deducted over the subsequent five years.

Certain technical rules can apply where the donor gifts tangible personal property (such as works of art, or memorabilia), or a fractional interest in such property, to The ASCAP Foundation. The donor should consult his or her tax advisor if gifts of tangible personal property are contemplated.

Retirement Plan Proceeds Paid after Death

Retirement plan proceeds paid after death are subject to both income and estate taxes. If the donor has accumulated substantial amounts in a retirement account and is in the highest tax brackets, those taxes can exceed seventy percent (70%) of the amount in the plan. Naming The ASCAP Foundation as the after-death beneficiary of one or more such plans (pension, profit-sharing, IRA, 401(k), etc.) can save all of such taxes and thus greatly assist The ASCAP Foundation at a minimal cost to the donor's family. The donor, therefore, can make substantial donations with plan assets that would otherwise be used to pay income and estate taxes.

IRA Rollovers

For the year 2008, a person over age 70 ½ at the time of charitable gift may make charitable gifts to The ASCAP Foundation of up to \$100,000 per year directly from an IRA without having

to report the distributions from the IRA as taxable income. This exclusion from income is even better than a tax deduction, because the excluded amount is not limited by annual percentage limitations.

This distribution to The ASCAP Foundation may be counted towards the minimum distribution requirements that are applicable to traditional IRAs once the beneficiary attains age 70½. In addition, charitable distributions from the IRA are deemed to come first from the *taxable* portion. This is very favorable because distributions from the nontaxable portion are generally tax-free in any event.

Life Insurance

One of the easiest ways to make a significant gift to The ASCAP Foundation is simply to name The ASCAP Foundation as the beneficiary of an existing policy that is no longer needed. It is an opportunity to make a more substantial contribution than might otherwise be possible. Upon the donor's death, the proceeds of the policy (or portion of the policy) will be paid to The ASCAP Foundation and the donor's estate will be entitled to an estate tax deduction equal to the amount received by The ASCAP Foundation.

It is possible to name The ASCAP Foundation as the owner of an existing policy or a new one that the donor may want to purchase. In this way, it may then be possible to obtain an income tax deduction as well as save future estate taxes when the policy proceeds are paid to The ASCAP Foundation.

Real Estate

A gift of real estate may be made outright to The ASCAP Foundation. As discussed in paragraph C above, it may also be made to fund a charitable remainder trust.

Sample Bequest Language

See page 5

Naming Opportunities

See page 6 for Naming Opportunities description.

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We trust this memorandum provides you with the information you have requested. We hope it is helpful in suggesting the various ways for making a planned gift to The ASCAP Foundation in support of the important work we do. Upon request, we will be pleased to provide a copy of the IRS Determination Letter granting The ASCAP Foundation's application for recognition of tax exemption. We thank you for your interest in The ASCAP Foundation. Please contact us whenever we can be of help.

**** This memo is intended to provide accurate and authoritative information of a general character only, not legal or tax advice. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained. Friends of The ASCAP Foundation who may be considering any of the planned giving options outlined above should consult their attorney about the applicability to their own situation of the legal principles discussed in this memo. Of course, we would be pleased to work with their attorney in the implementation of any program they may wish to establish.***

**Attachment to The Foundation's Memorandum
on Charitable Gifts and Bequests**

SAMPLE BEQUEST LANGUAGE

1. OUTRIGHT UNRESTRICTED BEQUEST

"I give, devise and bequeath to The ASCAP Foundation, One Lincoln Plaza, New York, NY 10023, the sum of _____ dollars (or the following described property: _____) for its unrestricted use."

2. OUTRIGHT RESTRICTED BEQUEST

"I give, devise and bequeath to The ASCAP Foundation, One Lincoln Plaza, New York, NY 10023, the sum of _____ dollars to be used for (identify program: e.g., its school education program). If the Board of Directors of The ASCAP Foundation, in its sole and absolute discretion, determines that circumstances are such that a literal compliance with the terms of this bequest is no longer practicable or appropriate, then The Directors of The ASCAP Foundation may use this bequest for another purpose that as closely as possible carries out my original intention."

3. UNRESTRICTED BEQUEST OF RESIDUARY ESTATE

"All (or ___%) of the rest, residue and remainder of the property, both real and personal and wherever situated, which I may own or be entitled to at the time of my death, I give, devise and bequeath to The ASCAP Foundation, One Lincoln Plaza, New York, NY 10023, for its unrestricted use."

4. RESTRICTED BEQUEST OF RESIDUARY ESTATE

"All (or ___%) of the rest, residue and remainder of the property, both real and personal and wherever situated, which I may own or be entitled to at the time of my death, I give, devise and bequeath to The ASCAP Foundation, One Lincoln Plaza, New York, NY 10023, to be used for (identify program: e.g., its school education program). If the Board of Directors of The ASCAP Foundation, in its sole and absolute discretion, determines that circumstances are such that a literal compliance with the terms of this bequest is no longer practicable or appropriate, then The Directors of The ASCAP Foundation may use this bequest for another purpose that as closely as possible carries out my original intention."

5. CONTINGENT BEQUEST

"If my husband/wife shall not survive me, then I give, devise and bequeath all (or ___%) of the rest, residue and remainder of my estate, to The ASCAP Foundation, One Lincoln Plaza, New York, NY 10023."



NAMING OPPORTUNITIES

For over 30 years, **The ASCAP Foundation** has developed and established its own music education programs and has collaborated with other organizations to meet its objectives. We are proud of the many musical greats who have chosen to memorialize their contributions by establishing and funding named programs. They include **Harold Adamson, Richard Adler, Robert Allen, Harold Arlen, Louis Armstrong, Irving Berlin, Leonard Bernstein, Irving Burgie, Irving Caesar, Sammy Cahn, Cy Coleman, Hal David, John Denver, Duke Ellington, George and Ira Gershwin, Morton Gould, W.C. Handy, Jerry Herman, Billy Joel, Quincy Jones, Steve Kaplan, Leiber & Stoller, Livingston & Evans, Frederick Loewe, Henry Mancini, Michael Masser, Johnny Mercer, Joseph Meyer, Jack Norworth, Rudy Perez, Cole Porter, Richard Rodgers, David Rose, Stephen Sondheim** and others.

We invite you to join with us and make a charitable contribution to The ASCAP Foundation by establishing a named program of your own. This named program will honor and keep alive, for today's music community and for those of the next generation, your name and legacy or that of a family member, a loved one, a mentor or someone who meant a great deal to you. The named program can be tailored to your interests and wishes providing it is in keeping with the mission of The ASCAP Foundation.

The minimum amount required to establish a "named" program at The ASCAP Foundation, as voted on by The ASCAP Foundation Board of Directors, is \$25,000. This tax-deductible contribution can be spread out over time with smaller installments each year or given in one lump sum. In addition, ASCAP Foundation policy requires that 15% of funds received by the Foundation be used to help with the administrative expenses associated with the program.

The ASCAP Foundation was established in 1975 and is a publicly supported charitable organization dedicated to supporting American music creators and encouraging their career advancement through music education and talent development programs. Included in these are songwriting workshops, scholarships, awards and recognition programs, public service projects for senior composers and lyricists, and providing grants to other 501(c)(3) organizations engaged in educational programs for aspiring songwriters and composers.

The ASCAP Foundation is supported by contributions, bequests and grants from ASCAP members, foundations, corporations and the general public. We welcome and encourage your support.