

WAYS OF GIVING





Charitable Giving at Lankenau Hospital

Lankenau Hospital is a suburban teaching and research-based institution with a wide-array of cutting-edge clinical specialties and nationally acclaimed programs. Over the years, Lankenau has received national recognition from a variety of independent organizations including *US News and World Report* and *The New York Times*.

The Walter and Leonore Annenberg Conference Center for Medical Education located on Lankenau's campus serves as an international hub for healthcare education. In addition, the faculty of the Lankenau Institute for Medical Research (LIMR), an independent biomedical research institute on our campus, conducts NIH-funded studies in areas such as cancer and cardiovascular disease.

As a non-profit institution, Lankenau depends on charitable support to maintain and enhance the quality of healthcare for our patients and their families. Contributions from grateful individuals, physicians, employees, corporations and foundations are crucial sources of this support.

Fortunately, charitable giving does not require great wealth. What it does require is generosity of spirit – the desire to share what you have for the benefit of others. Many people each year express the desire to make a meaningful and lasting impact on the families for whom Lankenau is called to care through a special gift to the Lankenau Hospital Foundation. Whether your interests lie in helping Lankenau provide crucial medical services to all patients, underwriting a specific program, or supporting medical education or research we are committed to ensuring that your gift, whether current or deferred, makes a real and enduring impact.

The ultimate value of your contribution, of course, won't be measured in dollars and cents. It will be measured in the life-changing difference it makes for countless families throughout our community.

OUTRIGHT GIFTS

Outright Gifts

For most people, outright gifts are the most popular way of donating to the Lankenau Hospital Foundation and the advantages of making an outright gift are many:

- It's an easy, efficient way to support Lankenau Hospital and its mission;
- You usually get a charitable deduction for the full cost of the gift in the year you make it as allowed by law;
- The deduction can reduce the net cost of your gift, possibly allowing you to contribute more than you initially planned;
- There are no complex financial documents to fill out;
- You get the satisfaction of offering direct charitable support that furthers Lankenau's mission of providing comprehensive medical care to our surrounding communities; and
- You receive other benefits depending on the type of gift: cash, real estate, or appreciated securities.

Three Ways to Make a Cash Gift:

- 1. Send a check or money order** payable to the "Lankenau Hospital Foundation" at the following address:
**Lankenau Hospital Foundation
Development Office
MOBE, Suite 50
100 E. Lancaster Avenue
Wynnewood, PA 19096**
- 2. Make a gift now using your credit card either online or by calling 610-645-8067.** Go to: giving.lankenauhospital.org and click on: "Make a gift online today" or call 610-645-8067 and leave your full name and phone number, the type of credit card, card number, expiration date, amount of your gift, and if/where you would like your gift to be designated.
- 3. Make a pledge and fulfill it over time with smaller, convenient payments.** You will receive payment reminders. Contact us for details.

OTHER TYPES OF OUTRIGHT GIFTS

While cash is the most often-used way to make an outright gift, there are other ways that you can give outright support to Lankenau Hospital.

Gifts of Securities

Contributing long-term appreciated securities, such as marketable stocks, bonds, or mutual fund shares, to the Lankenau Hospital Foundation provides a two-fold income tax benefit: a charitable deduction for the present fair market value of the property contributed and no tax on the appreciation. The limit on deductibility in any tax year is 30% of your adjusted gross income; any excess is deductible over the next five years. If you want to give securities on which you have a loss, consider selling them instead and donating the proceeds to Lankenau. You will then have a loss deduction in addition to the charitable deduction.

Shares Held in Certificate Form

The simplest form of delivery is to mail the shares to Lankenau. You will need a stock power of attorney ("stock power") with a signature guarantee to transfer ownership. Place the unsigned certificates and a cover letter expressing your intention to give the securities to the Lankenau Hospital Foundation in one envelope. In a separate envelope, place the signed stock power and a copy of your cover letter. Mail both envelopes at the same time to the Foundation's address listed above, preferably by registered mail. This ensures that the certificates are not negotiable until both envelopes are received.



APPRECIATED SECURITIES

Mrs. Smith wants to make a substantial gift to Lankenau Hospital as an expression of appreciation for the wonderful care she has received over the years. She owns securities that she bought 20 years ago for \$20,000. They are now worth \$100,000. If she transfers those securities directly to the Lankenau Hospital Foundation, she will receive a charitable deduction for the full fair market value of the stock. The proceeds from the sale of the securities will be directed to benefit the Hospital's pulmonary program, and she will receive a charitable tax deduction of \$100,000, avoiding tax on the capital gain portion. If, however, Mrs. Smith were to sell the securities herself and donate the proceeds to Lankenau, the \$80,000 in appreciation would be taxed at the current capital gains rate of 15 percent, or \$12,000. Mrs. Smith would then have only \$88,000 to contribute.

You can claim charitable deductions up to 50 percent of your adjusted gross income for gifts of cash in the year you make the gift. Excess deductions may be carried over for up to five years.





REAL ESTATE

Mrs. and Mrs. Jones purchased a home at the Jersey Shore 40 years ago for \$90,000. Their children are now grown and live in other areas of the country. Except for an occasional visit each summer the Jones rarely use it. The property is now worth substantially more and the cost of maintaining it is becoming more of a burden each year. They appreciate the doctors at Lankenau and the care that they have received from them over the years and were pleased to learn that they could make an outright gift of their appreciated shore home to the Hospital. They would receive a charitable deduction for the value of the property based on a qualified appraisal, avoid the capital gains tax on the appreciation, and the proceeds from the sale of the home would be used to support medical education at Lankenau.



Shares Held in a Brokerage Account

If securities held in a brokerage account are to be donated, you may call our Development Office at 610-645-8067 for further instructions. Your broker or advisor will need this information to facilitate the transfer of stock shares electronically from your account to the Hospital's account.

It is important that your broker notify us of the transfer in advance so the stock can be accepted by the hospital. This is especially important when giving stock at the close of the busy calendar year.

Valuation

Whether you mail the shares, deliver them in person, or transfer them electronically to the Hospital's account, the date of transfer will determine the value of your gift for tax purposes. If you mail certificates to us, the transfer date will be the postmark date. If you deliver them to a Development staff member, the transfer date will be the date that representative takes possession. If you work through a broker, the transfer will occur for tax purposes when the shares have been delivered to the Hospital's account. In all these cases, the value of the gift will be the average of the high and low prices for the security on the transfer date, as quoted in the *Wall Street Journal*.

If you intend to contribute securities to Lankenau Hospital, we ask that you please call Lankenau Hospital's Gift Representative in our Development Office to alert the the Hospital and to expedite delivery and gift crediting.

Gifts of Mutual Fund Shares

Gifts of mutual fund shares for funds invested in stocks and bonds are similar to gifts of securities. You transfer ownership to Lankenau and you are entitled to an income tax deduction for the value of the shares, known as the Net Asset Value (NAV), on the date the Hospital assumes control of them. The capital gain treatment of contributions of mutual fund shares is also similar to that of individual securities. If the gift is outright, no capital gains tax is due. Gifts of mutual funds generally require

Lankenau Hospital to establish an account with the company administering the fund, and for this reason extra time should be allowed for this kind of transfer.

Gifts of Closely Held Stock

If you own closely held stock, you may take advantage of a unique gift opportunity. As a corporate owner you typically may hold stock with a low cost basis that has significantly appreciated as your business has grown. However, that stock typically has not paid a dividend. As an owner who controls your corporation, you might want to distribute retained earnings from your business for personal use. But doing so may cause you to be treated as though you had received a dividend, resulting in a second tax on money already taxed at the corporate level.

Ideally, you would have two goals: to avoid the second tax and to unlock some of your corporation's assets. Through a gift to Lankenau of shares in your corporation, it is possible to accomplish these goals, and provide a meaningful gift to the Hospital.

The benefits of a gift of closely held stock are not unlike those of appreciated, publicly traded securities. You save taxes twice: first with a personal income tax charitable deduction for the fair market value of the stock, and also by avoiding capital gain tax on the appreciation.

The additional benefit of this gift arrangement may be realized through the subsequent sale of the corporation's shares by Lankenau to the corporation. You would maintain control of the corporation. The corporation's redemption of the stock reduces accumulated earnings and the accompanying tax liability, and the stock is removed from your taxable estate. However, neither a sale nor redemption can be arranged prior to you making the gift to Lankenau.

Finally, you have the satisfaction of knowing that you have made a significant gift that will be used to meet Lankenau's highest priority needs, or support an area of the Hospital's mission that means the most to you. As long as Lankeanu is not legally bound to sell the shares it receives, you will not be treated as having received a dividend or realized a capital gain.

Gifts of Real Estate

Residential, commercial or investment real estate can be designated to benefit the Lankenau Hospital Foundation as a current gift. If Lankenau Hospital is unable to use the real estate for research, education or patient care needs, the Foundation will manage or sell the asset and the rental income or net sale proceeds will benefit the hospital programs you designate.

In some cases you may want to give only a portion of an asset's value. In such a case, the Foundation may purchase the asset at a negotiated price. The difference between the fair market value of the property and the Foundation's purchase price is considered a charitable deduction and capital gains are avoided on the gifted portion.

Gifts of real estate require a qualified appraisal and an environmental survey.

Gifts of Tangible Personal Property

Perhaps you would like to contribute an art object, prized collection, or antiques. Such property can be donated but be aware that tangible personal property is subject to special IRS rules.

EXAMPLE: You acquired a valuable painting that would now generate long-term capital gain if sold. You would like to give this to the Lankenau Hospital Foundation and take a deduction for its full market value. You can do this if the painting's use is related to our exempt function. But if you're unable to establish that we can use the gift property for a purpose related to our function, you can deduct only the cost basis. This kind of gift is generally deductible up to 30% of your adjusted gross income if it meets the related-use test. If not, and you elect to deduct its cost, the 50% limit applies. The five-year carryover is allowed for any excess deduction.

Don't Forget Matching Gifts

Increase your gift to Lankenau with a matching gift from your employer. Check with your company to see if it offers a matching gift program. If it does, you may be able to double (or in some cases even triple) your support to Lankenau Hospital by using

your company's matching gift program. You should check with your employer's human resources office for the appropriate form to secure the match offered.

The Use of Your Outright Gift

Whatever form your outright gift may take, you can choose to have your gift used to support the general purposes of Lankenau (commonly referred to as an "unrestricted gift") or designate it for a specific hospital program or purpose. The choice is yours. In either case, making an outright gift will meet your goals and also make great things happen at Lankenau Hospital.

Memorial or Tribute Gifts

For some donors, making a gift in honor or memory of a patient, loved one, Lankenau physician or nurse is a meaningful way to express their thanks and support.

If you would like to recognize your doctor, nurse, or friend, please let us know. We will send the honoree a card to let him or her know of your gift in their honor. The amount of your gift will remain confidential.

If you would like to memorialize someone with a gift to Lankenau Hospital, we will notify their spouse, children, or other loved one of your special gift. Please provide the name and address of the person to be notified.

Recognition of Your Gift

Lankenau is pleased to acknowledge and recognize all levels of support, regardless of the size of the gift. Together, all donors help advance the mission of the Hospital to provide the very best care possible to all who enter our doors, to teach the next generation of caregivers and to advance the study of life threatening illnesses through its Lankenau Institute for Medical Research. Individuals who give \$1,000 or more are also entitled to membership in the **John D. Lankenau Society** named for the beloved president and benefactor whose leadership and energy demonstrated that health care is "people care" and that personal caring would always set Lankenau apart.



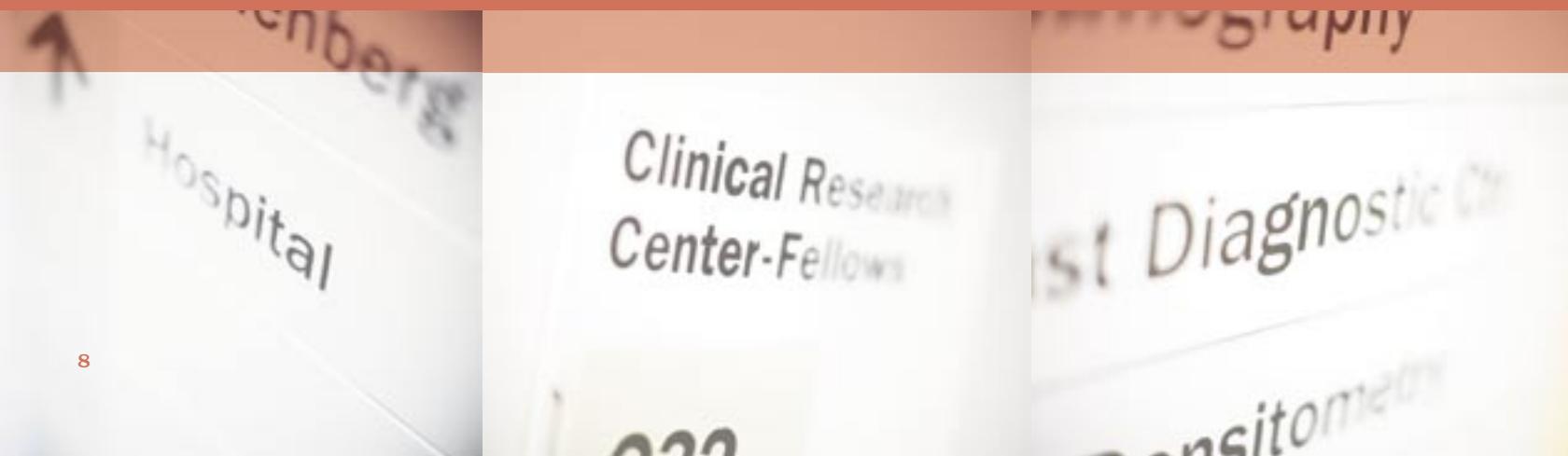
TANGIBLE PERSONAL PROPERTY EXAMPLE

Mrs. Green is an active volunteer at Lankenau. She and her late husband have seen a number of doctors there over the years and appreciate the care they received. They also have accumulated art from their many travels around the world and recently Mrs. Green has given thought as to how she will distribute their collection when she is gone. Other than a few favorite pieces to her children, she has decided that the majority of the collection will go to a local museum. As some of the pieces depict scenes in medical history she decided to give these outright to Lankenau. She was pleased to learn that the paintings would qualify for "related use" since part of the Hospital's mission is to promote medical education. She therefore secured a charitable deduction for the full fair market value of the paintings based on a qualified appraisal. Most important, she would be able to view the paintings on display on future visits to the Hospital.



TRANSFER ASSETS TO FAMILY

Mr. Jones is a local successful businessman who is contemplating making a significant commitment to Lankenau for its capital campaign. At the same time he wants to provide for the future of his teenage children who were all born at Lankenau. What options does he have to accomplish both objectives? Lankenau proposed that Mr. Jones create a twenty-year charitable lead trust, funding it with \$1,000,000 and stipulating that the Hospital receive \$70,000 in income annually for its campaign as spelled out in the trust agreement. At the end of the twenty-year term Mr. Jones' children would receive the trust principal. For gift tax purposes, only the remainder interest (what the IRS estimates the value of the trust principal will be at the end of the trust period) is subject to tax. In this case, Treasury tables project the value of the remainder to be about \$222,500. The trust principal, however, actually grows to about \$2,597,000, and this is what Mr. Jones' children receive. The difference between the value of the remainder interest under the Treasury tables and the actual trust value at the end of the trust term (about \$2,375,000) passes to the children, free of transfer taxes. Essentially, Mr. Jones has frozen the value of the gift of remainder interest going to his children and his tax liability for that gift at the projected IRS remainder value of \$222,500, and even this could be offset by his available estate and gift tax unified credit.



PLANNED GIFTS

As the name implies, planned giving has two primary components: planning and giving. The first focuses on estate planning issues, financial ramifications and tax benefits that should be taken into consideration before making a gift. The second focuses on the act of giving itself – that an individual desires to benefit a charity by irrevocably gifting an asset that cannot be retrieved.

Planned gifts fall into two categories: **1.** bequests, a gift from an individual's estate as defined by his or her Will as either an outright amount, a percentage of the estate or the residue of the estate and **2.** life-income gifts, whereby a donor makes a gift today and reserves the right to receive income from the charity for life or a term of years.

As you consider your estate plans and the eventual disposition of your assets to family and loved ones, the Development Office stands ready to assist you and work with your advisors in the event you choose to include Lankenau in your plans.

Bequests

Bequests are a time-honored way to leave a lasting legacy to the institutions you have appreciated and supported during your life. You should consult with your attorney and he or she will guide you in structuring a bequest that will fulfill your charitable objectives. The Development Office has also prepared suggested language that you can use in preparing your bequest for Lankenau. Whether you are thinking of leaving a specific amount or a percentage of your estate or would like to create an endowment in memory of yourself or a loved one, you will find language that is appropriate for your situation on the separate insert. You will also find helpful information at our website by visiting:
<http://plannedgiving.LankenauHospital.org>

Gifts of Retirement Assets

You can name Lankenau Hospital as a primary or partial beneficiary of your 401(k), 403(b) or IRA by using the beneficiary designation form from the administrator of your plan. Once received by

Lankenau, the proceeds can be used on an outright basis to support the general purposes of the Hospital or for a purpose you specify.

Given the impact that income tax and estate tax laws may have on certain beneficiaries, such as children, it may make sense to make Lankenau a charitable beneficiary of your retirement account and give your children property like stock because of the stepped up basis at death. Although taxes shouldn't be the sole determining factor in naming your beneficiaries, ignoring the impact of taxes could lead you to make an incorrect choice.

Gifts of Insurance

Often overlooked, a gift of life insurance can be a meaningful gift to Lankenau Hospital. Perhaps you have a policy you no longer need or there has been a change in your personal circumstances and you would like to name Lankenau as the beneficiary of your policy. Contact the Development Office for details on how you can take advantage of this giving opportunity.

Retained Life Estate

For those who have enjoyed many years in their homes or farms and anticipate living out their remaining years there, a retained life estate may be an attractive way to support Lankenau. The gift entails deeding over the future interest in your home or farm and retaining the right to live there for the rest of your life or a term of years. You receive a charitable deduction for the present value of the Hospital's future interest in your property and maintain the property as you always have. When your life interest ends, the Hospital can then use the property as determined by you.

Bargain Sale

The gift is what it implies: part gift and part sale. For example, you have stock worth \$50,000 that originally cost you \$25,000. You would like to make a gift of that stock to Lankenau but would like to

recover your cost basis. You contribute the stock and Lankenau may agree to pay you \$25,000. You then claim a charitable deduction for \$25,000 and avoid the capital gains tax since you essentially gave away the appreciation in the stock you held.

Charitable Lead Trust

Those possessing large estates and looking for ways to pass along more assets to family and loved ones should consider the benefits of a charitable lead trust. This form of gift allows you to not only support Lankenau with a stream of income for a term of years, but also to significantly reduce gift and estate taxes in transferring assets to loved ones. You can contact the Development Office for more information about this type of gift and how it would allow you to transfer more wealth to those closest to you.

Life-Income Gifts - *Gifts that give back*

A life income gift to the Lankenau Hospital Foundation offers several benefits and there are several options to choose from depending on your age, needs, and the way you fund the gift. Depending on which life income arrangement you select, you may receive income that is fixed or variable and payments that are partly tax-free or fully taxable. Any of the plans, however, will give you, and possibly additional beneficiaries, income for life, a charitable contribution deduction in the year of the gift, and a wonderful legacy to Lankenau Hospital in support of a program that you have specified.

In general, all life income gifts provide the following benefits:

- A stream of income for the lifetime of the donor and/or additional beneficiaries
- A charitable income tax deduction
- An opportunity to benefit the mission of Lankenau Hospital either through the outright use of the remainder from your gift or through the establishment of an endowed fund in your name or the name of a loved one
- Possible avoidance of capital gains taxes on gifts of appreciated property
- A reduction in federal estate taxes
- Membership in **Lankenau Legacies**, our society that recognizes donors who make planned gifts to Lankenau Hospital

We would be happy to provide you with a personalized illustration for any of the following life income gifts:

Charitable Remainder Trust

A Charitable Remainder Trust is an individually managed trust that pays one or two beneficiaries a specified percent (by law, at least 5%) of the trust's fair market value. In a **charitable remainder annuity trust** the income is based on a specified percent of the trust's initial fair market value and that income never varies. In a **charitable remainder unitrust** the income is based on a specified percent of the trust's fair market value as re-valued annually, and that income will vary from year to year. In either case, after the death of the beneficiary (or in the case of a two-life trust, after the death of the surviving beneficiary) the trust assets become the property of the Lankenau Hospital Foundation to be used as you have specified in the trust document.

An annuity trust is usually selected when you want to receive a fixed payment for life. For example, if you establish a trust and fund it with property worth \$100,000 and elect a payout percentage of 5%, you will receive \$5,000 a year for life. However, if you are concerned about inflation and how to offset it, you will usually select a unitrust. A unitrust is considered a hedge against inflation because as trust assets grow in value you receive more income. Conversely, if trust assets decline in value on the annual valuation date, you will receive a smaller payment that year. The illustration on the opposite page shows how this works:

You may select a bank as trustee or request the Lankenau Hospital Foundation to serve as trustee, if the Foundation is the sole beneficiary of your trust. If the Foundation is asked to serve as trustee it will do so without charge to you or your trust.

Charitable Gift Annuity

Under a Gift Annuity agreement you make an irrevocable transfer of cash or securities to Lankenau Hospital in return for the Hospital's contractual promise to pay you annual, fixed, guaranteed payments for life. The amount of the annual payment - usually paid in quarterly installments - is based upon your age and/or the age of another beneficiary at the inception of the annuity.



REAL ESTATE FOR INCOME

Dr. and Mrs. White own a family vacation home at the shore. They had hoped to one day retire there but their plans have changed. They are considering selling the property to help augment their retirement income but are concerned about the amount of capital gains tax they would pay due to the high appreciation. They also want to establish an endowment at Lankenau that would express their appreciation for their longtime association with the Hospital. They were pleased to find out that they could establish a charitable remainder unitrust and fund it with their vacation home. This would provide valuable tax savings through a charitable deduction, avoidance of capital gains taxes, and an income stream for life that could increase as the trust's assets appreciate.

ANNUITY TRUST			UNITRUST		
Year	FMV	Income	Year	FMV	Income
One	\$100,000	\$5,000	One	\$100,000	\$5,000
Two	\$105,000	\$5,000	Two	\$105,000	\$5,250
Three	\$115,000	\$5,000	Three	\$115,000	\$5,750
Four	\$110,000	\$5,000	Four	\$110,000	\$5,500
Five	\$120,000	\$5,000	Five	\$120,000	\$6,000

BASED ON A 5% PAYOUT



APPRECIATED SECURITIES FOR INCOME EXAMPLE:

Mr. Addison, 77, owns stock that he inherited many years ago. Although the stock has appreciated greatly over the years, the dividend it pays is very low. Mr. Addison would like to sell the stock and reinvest it to increase his income but is discouraged by the significant reduction in the net proceeds from the sale after the capital gains tax is paid. He recently learned that he could establish a charitable gift annuity with Lankenau and fund it with the stock he owns. This allowed him to significantly increase his income (7.0% for a donor his age and income that was guaranteed for life), receive a charitable contribution deduction, and achieve partial avoidance of the capital gains tax. And, most important, the remainder would be used to create an endowed lectureship in cancer education at Lankenau in memory of his wife.



A Charitable Gift Annuity is appropriate for donors who want the security of a fixed income - income that they can depend upon regardless of the economic or stock market conditions. This is referred to as an "immediate gift annuity" - in which a donor starts to immediately receive payments. On the other hand, a "deferred gift annuity"

is appropriate for someone who wants to contribute now but defer receiving the payments until later, usually at retirement.

Some states regulate charitable gift annuities funded by their residents. Lankenau Hospital Foundation does not currently offer charitable gift annuities to residents of all states.

Lankenau Hospital

100 East Lancaster Avenue

Wynnewood, PA 19096

610-645-8067

www.lankenauhospital.org



Main Line Health

Lankenau Hospital
Foundation