



PERSPECTIVES

A FINANCIAL & CHARITABLE PLANNING GUIDE FROM LANCASTER MENNONITE SCHOOL

BRIDGE TO OPPORTUNITY

Robin Stauffer shares why the High Foundation strategically supports STEAM for future generations.



S. Dale High, Chairman and Robin Stauffer, Executive Director of the High Foundation.

Formed in 1980 by the High Family, the **High Foundation** was started with a mission to give back to the community. Social responsibility and community engagement have long been a part of High's DNA. The family has a history of innovation and responsible stewardship long before they were mainstream practices.

For over 3 generations the family has had a legacy of generosity, but are now working more strategically in their approach to giving. The mission is to align with community organizations to support positive change within areas of identified need, as well as develop its own projects for positive community impact. The current focus includes assisting in eliminating poverty in south-central PA by supporting programs focused on systemic

change and economic vibrancy for neighborhoods.

Supporting LM Projects

The High Foundation is supporting an LM project to grow and expand the STEAM MakerSpaces - to both further develop the ones at the New Danville and Hershey campuses, and add one at the Locust Grove campus.

"The more we can do together, the more we can become."

- S. Dale High

The Foundation is very interested in workforce development and its impact on poverty and financial stability. They feel further engagement and integration of the STEAM (Science, Technology, Engineering, Art and Math) fields into schools is an important step to drive the skills needed for our workforce. MakerSpaces are an innovative way from a young age to develop skills, such as problem-solving, collaboration, resiliency, and technical literacy, for what students will need to thrive down the road and to help organizations thrive too.

Benefits of a MakerSpace

- Develops **creativity** skills
- Develops critical thinking and **problem-solving** skills
- Builds enthusiasm for learning by **engaging** students actively in the learning process
- **Collaborate** with other students in meaningful ways
- **Prepares** students for the future



Project: Big Bad Wolf Structures

A Kindergarten class at our New Danville Campus built structures that could withstand huffing and puffing from the big bad wolf. Students utilized multiple classes over a few weeks to walk through the steps of planning, designing and creating their unique solutions to this challenge.

CHARITABLE GIVING WITH FOUNDATIONS AND TRUSTS

Recent tax law changes have caused many people to rethink how they make charitable gifts. With the increased standard deduction, far fewer taxpayers will itemize, which means that small charitable contributions may not create the tax benefit the donor anticipated. If you are charitably inclined and would like to move beyond the ritual of making small annual gifts and instead make more substantial gifts during your lifetime, charitable trusts and private foundations may be worth your consideration.

Charitable Trusts

A charitable trust is a special type of trust where the beneficial interest is split between a charitable and non-charitable beneficiary.

Charitable lead trust - charity receives payments for a period of years or for the life of the donor. Payments can be a fixed dollar amount (annuity) or based on a percentage of the value of the trust property (unitrust). After the lead interest expires, the remainder is typically distributed to the donor or the donor's family.

With a **charitable remainder trust**, the interests are reversed: the non-charitable beneficiary receives the annuity or unitrust payments for a period of years or for the life of the donor, and then the remainder interest is distributed to the charity.

For each type of trust, the value of the charitable deduction depends on: donor's age, current interest rates, and the value of the property contributed to the trust.

Example

Susie is 60 and wants to make a gift to her favorite charity. She's a consistent donor, but would now like to do something more. She is in good health, has significant income from her investments, and will also have retirement income when she turns 70. One of her largest assets is highly appreciated stock that she would like to donate to the charity, but doing so would reduce her investment income, causing her to begin taking retirement distributions. Instead, she contributes \$500,000 of stock to a charitable remainder trust and retains an annuity of \$35,000 for a term of 10 years. At current interest rates, she would be entitled to a charitable deduction of \$207,446, which she could carry forward for up to five additional years.

Steps To Create a Charitable Trust:

1. Prepare trust agreement
2. Identify income and remainder beneficiaries
3. Identify the trust term and payout rate
4. Execute the trust
5. Transfer property to the trust



Private Foundations

A private foundation (also referred to as a **family foundation**) has an overarching charitable purpose. In contrast to a charitable trust, which typically involves a single transaction followed by ongoing administration, **a foundation is rather more akin to operating a small business.**

The foundation is organized in accordance with state law, typically as a trust or nonprofit corporation, and is managed by the trustees or a board of directors. A foundation must apply to the IRS for tax-exempt status.

Typical Scenario

A charitably inclined family would like to contribute substantial assets to charity. Rather than a single gift, the family prefers to implement an ongoing program of giving to a variety of charitable organizations,

and still maintain control over the timing and amount of the gifts. The family organizes a nonprofit corporation and appoints family members to the board. The family makes a substantial contribution to the foundation and may choose to employ a family member to manage the enterprise. The family is entitled to a charitable deduction for the contribution, limited to 30% of the donor's adjusted gross income (or 20% if the gift is of appreciated property), but the unused deduction can be carried forward for up to 5 additional years. At this point, the most gratifying aspect of operating a foundation begins: the family, in accordance with its grant-making policy, decides which charities to support and begins making distributions for their benefit.

Positive Reasons to Create a Private Foundation:

1. Make tax deductible contributions while still maintaining control
2. Income earned on foundation assets is exempt from tax, except for 1-2% excise tax on net investment income
3. Removes the contributed property from the donor's estate for federal estate and PA inheritance tax purposes

Although the complexity might seem overwhelming at first, the economic, social, and charitable benefits can be substantial, and a good advisor will be able to guide you along the way.

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Financial Aid Stats 2018-19:

- **40%** (approximately) of our students receive some financial aid
- **\$5,456** is the average award for students in \$32K and under income families
- **400+** Students we've helped by **19** scholarship endowments

5 STEPS TO A BETTER ESTATE PLAN

By planning your estate now, you create a legacy that reflects your values. You can do this by creating a secure future for your loved ones and also ensuring your support for the places, people and causes close to your heart continues for years to come.

Discover 5 simple ways you can ensure that your estate plan reflects you.

1. Make the most of what you have. Meet with qualified professionals to form a financial and giving plan that satisfies your needs and meets your goals.

2. Protect family and loved ones. Keep loved ones safe by making sure your estate plan is up-to-date. It should be reviewed regularly for changes in personal relationships, tax laws, births, deaths and state of residence.

3. Be tax-smart. Don't let taxes place a burden on your family; with careful planning now, you can get the most out of your estate plan.

4. Make sure your wishes are fulfilled. Use the services of a qualified estate planning attorney to draw up your will and other legal documents, ensuring that your wishes are clearly stated so there are no misunderstandings.

5. Continue helping others after your lifetime. Gifts to charitable organizations, such as Lancaster Mennonite School, in your future plans ensure your support for our work continues even after your lifetime.

More complex estates or living trusts may require additional meetings and documentation.

Make LM Endowment a Part of Your Plan

Want to learn more about including a gift to LM in your future plans? Contact Heidi Stoltzfus, LM Director of Advancement to learn how!

The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are for hypothetical purposes only and are subject to change. References to estate and income tax include federal taxes only. Individual state taxes and/or state law may impact your results.



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You can reach the goals God has placed on your heart to transform lives and change our world. This issue of Perspectives has some tips on how you can maximize your giving. To learn more, contact Heidi Stoltzfus at (717) 740-2425, or use the enclosed response form.