BOY SCOUTS OF AMERICA®
PATRIOTS' PATH COUNCIL

SECURING THE FUTURE OF SCOUTING

Dear Friends,

When you believe deeply in the importance of an organization like the Boy Scouts of America, you hope your generosity will have a powerful and lasting impact.

Whether your gifts are small, loyal contributions to the annual Friends of Scouting campaign or you have made an endowment donation to become a James E. West Fellow, we thank you. Your support helps to ensure that Scouting programs in Middlesex, Morris, Somerset, Sussex, and Union Counties remain as vibrant today as they were a century ago.

However, often times you wish you could afford to do even more. There are several ways to extend your support of Scouting far into the future through charitable gift planning.

This publication outlines several options for your consideration. Some possibilities make it feasible for you to realize significant tax savings today or to reduce the cost of passing property to your heirs. It doesn't have to be complicated or reserved for only those of great wealth.

What I find compelling is that charitable gift planning so closely matches the values of Scouting. Please join me in following the wisdom of Lord Robert Baden-Powell, the founder of the Scouting movement, and "try and leave this world a little better than we found it."

Yours in Scouting,

Frederick Schoenbrodt II
Patriots' Path Council Executive Board
Vice President of Endowment

Joseph A. Gonnella
Patriots' Path Council
Director of Development

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BOY SCOUTS OF AMERICA®

The Boy Scouts of America provides the nations's foremost youth program of character development and values-based leadership training, which helps young people be "Prepared. For Life."

MISSION

The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Scout Law.

VISION

The Boy Scouts of America will prepare every eligible youth in America to become a responsible, participating citizen and leader who is guided by the Scout Oath and Scout Law.

SCOUT OATH

On my honor I will do my best to do my duty to God and my country and to obey the Scout Law; to help other people at all times; to keep myself physically strong, mentally awake, and morally straight.

SCOUT LAW

A Scout is trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, and reverent.

The Patriots' Path Council, Inc., Boy Scouts of America was chartered by the Boy Scouts of America in 1999 to administer the Scouting program in Morris, Somerset, Sussex, and Union Counties. The council name pays tribute to a hiking trail that connects each of these counties and pays homage to the Patriots who fought for our nation during the Revolution. In 2013 with the dissolution of Central New Jersey Council, Patriots' Path Councilobtained the ability to deliver the Scouting program to youth in Middlesex County from New Brunswick and north.

Each year, 5,500 council volunteers serve nearly 17,000 youth between the ages of 6 and 20 by providing programs in accordance with the mission of the Boy Scouts of America while maintaining the developmental pillars of their programs, character, citizenship, fitness, and leadership. The council currently operates two year-round camping facilities, Mount Allamuchy Scout Reservation, Stanhope, NJ and Winnebago Scout Reservation, Rockaway Township, NJ. Additionally, the council owns and operates Sabattis Adventure Camp, Long Lake, NY open for the summer season.

1 OUTRIGHT GIFTS TO SCOUTING

CASH GIFTS

Cash gifts are the most basic and important source of support for Scouting. They are easy and popular, and you are entitles to a charitable income tax deduction equal to the full value of your gift. Assuming you itemize your deductions, the higher your tax bracket, the more your charitable tax deductions are worth to you. Even if you don’t itemize, you are assured of having an immediate impact on Scouting.

Income-producing interests such as oil, gas or mineral interests, rental property, copyrights, etc. may also be contributed or assigned to the council, generating a continuing source of income for Scouting.

As a general rule, a cash gift is deductible up to 60% of your adjusted gross income (AGI) each year. Unused deductions may be carried over and used for five years after the gift is made. Complete on the date it is delivered, mailed, or charged to a credit card. For example, a gift postmarked or charged December 31, 2019 is deductible in 2019, even if the council doesn’t receive the funds (or the credit card statement isn’t paid) until January 2020.

Securities you have owned for more than a year are deductible up to 30% of your adjusted gross income (AGI) every year. For those held for less than a year, they are deductible up to 50% of your AGI every year, and limited to your cost basis. Excess deductions for both may be carried over for five years after the year of the gift.

PUBLICLY TRADED STOCK

For many donors, gifts of stocks or bonds can provide even greater tax benefits than cash gifts - especially if they have appreciated in value. In most cases, you can contribute appreciated, publicly traded stocks, bonds and mutual fund shares and take a charitable deduction for their full fair market value (if you’ve owned them for at least one year). You also avoid paying the capital gains tax on the appreciation.

What if you have securities worth less than you paid for them? You may donate them as well. However, selling them and donating the cash proceeds can generate both a charitable deduction and a loss deduction.

Securities you’ve owned for less than one year? You may also donate them, but your charitable tax deduction is usually limited to your cost basis. However, there may be other tax advantages to making gifts of short-term capital gain property with little or no appreciation, be sure and talk to your advisors.

	Gift/Deduction	Tax Owned by Donor	Capital Gains Taxes Saved
Cash Gift	$100,000	$0	$0
Stock Gift	$100,000	$0	$16,000
Stocks Sold/ Proceeds Given	$100,000	($16,000)	$0

CLOSELY HELD STOCK

Gifts of closely held stock offer the same tax advantages as a gift of common stock - and in many cases are very highly appreciated. In fact, some donors use these gifts as a way of indirectly transferring ownership to others such as family members, or regaining control of the shares and establishing a new cost basis for the stock. The advantages of closely held stock gifts are similar to those of publicly traded stock gifts. However, an appraisal may be required to establish the market value of closely held shares.

A council board member owns 80% of a family business; his children own the other 20%. He transfers to the council a 5% interest in the company and gets a tax deduction for the value of those shares. The company buys the shares from the council and retires the shares. The council gets the cash, and the children's ownership increases from 20% to 25% of the outstanding shares. The donor may even buy his shares back from the company, retaining his 80% ownership percentage and increasing this tax basis in the reacquired shares.

STOCK OPTIONS

Stock options can be valuable and often simple gifts (you're giving something you, technically, didn't own). But gifts of stock options may pose other challenges. The charitable gift of an option won't necessarily produce an immediate tax deduction. The actual gift value can't be known until after the council exercises the option. When the option is exercised, the tax deduction equals the difference between the option price and the stock value on that day. Also, by terms of the option agreement, some stock options are not eligible to be donated in the first place. If you are considering such a gift, please consult your option agreement and your advisors.

TANGIBLE PROPERTY GIFTS (GIFTS IN-KIND)

Through inheritance, collecting, or investment, you've probably accumulated a lot of things. Sometimes, the value is sentimental. They may be costly to insure and difficult to sell. That's why gifts of art, collectibles, (e.g. stamps, coins), antiques, boats, or other gifts-in-kind may be great gift alternatives.

When it comes to a deduction for contributing personal property, there are two different tax treatments:

- If your property is something related to Scouting and the council's purpose - e.g., a canoe, some Scouting art work or memorabilia, a tractor or pickup truck for camp, etc. - your tax deduction will be the current fair market value of the property. That's true regardless of whether or not it has gone up or down in value.

- If your property is something unrelated to Scouting and the council's purpose - e.g., a vintage Corvette, a Picasso, some antique rugs, a singed Mickey Mantle baseball, etc. - your tax deduction is limited to the lesser of your cost basis in it or current value.

Your tax advisor can help you with these decisions. Properly chosen gifts of personal property can be outstanding gifts for you and the council.

GIFTS OF HOMES, LAND, AND FARMS

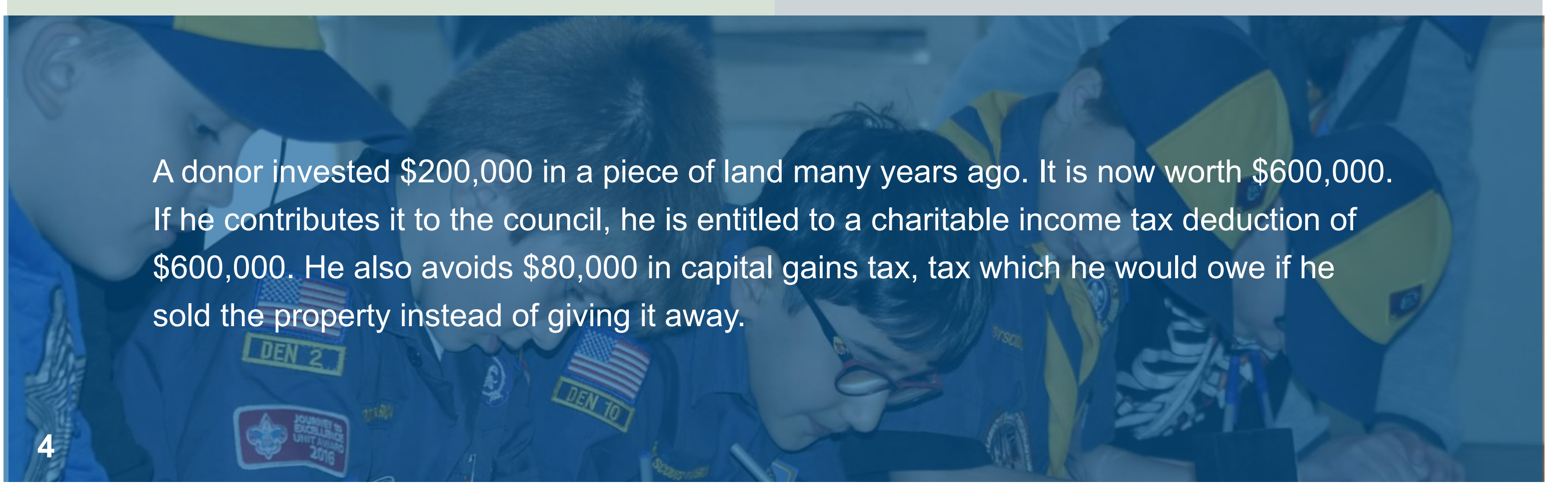
For many people, their most valuable assets are real property. These assets often carry a high price: property taxes, maintenance, insurance, and capital gains tax when sold. A gift of property to Scouting may offer significant benefits. These would include gifts of homes, rental properties and vacation homes, farms (including crops, livestock, and equipment), vacant land, or even land rights such as oil, gas, and water rights.

Generally, when you make an outright gift of real property, you:

- Avoid the capital gains tax if the property has gone up in value, and

- Get an income tax deduction based on the fair market value of the property.

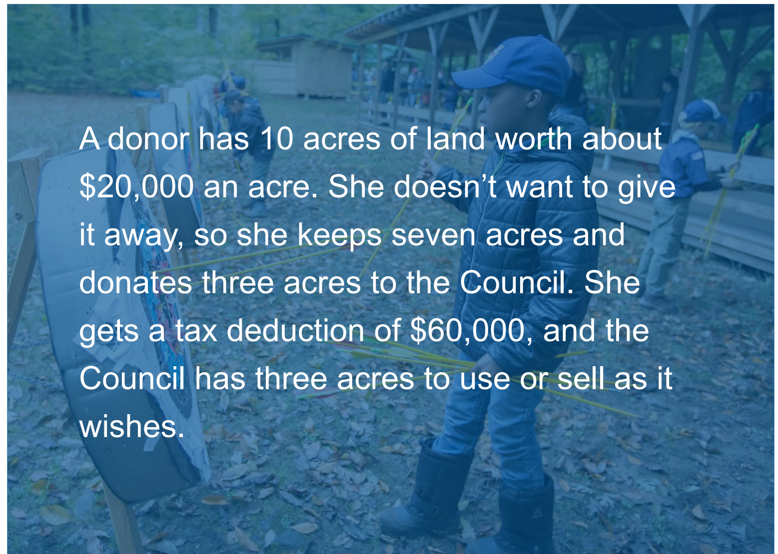
Before making a gift of real property, make sure you: (1) have a recent appraisal of it, and (2) are aware of your property's basis and of any debts or liens on the property. As a general rule, gifts of property with mortgages or debt on them create tax problems for both the donor and the council and may be discouraged. You should discuss with the council how the property will be handled one it is given to them. Will it be used, sold, or reproposed? Are there any environmental concerns or known problems?



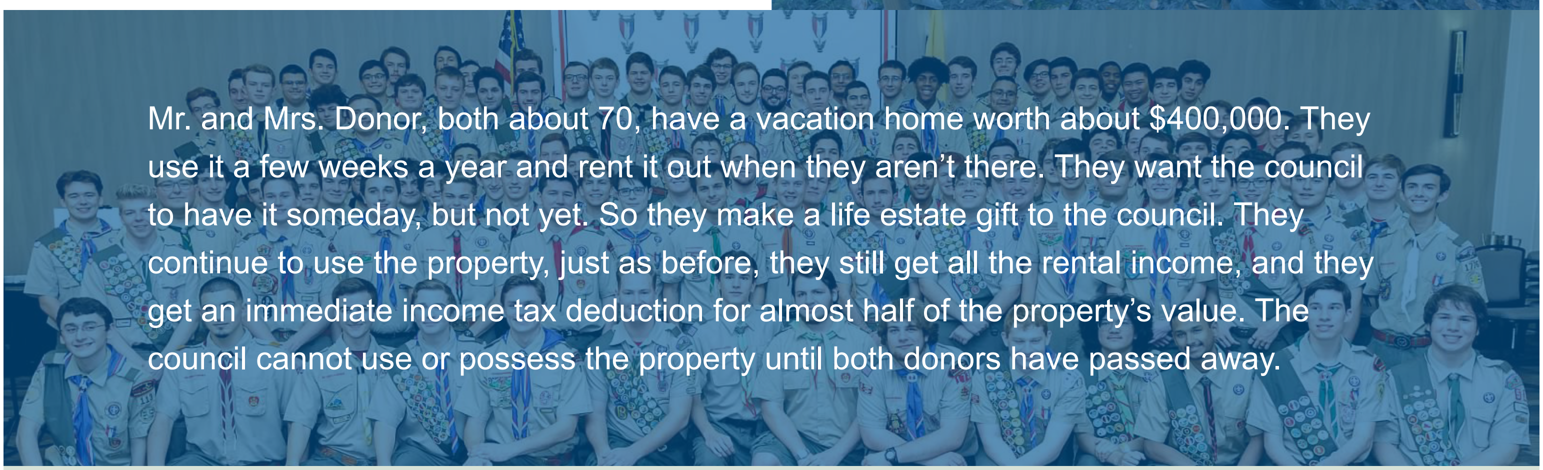
A donor invested $200,000 in a piece of land many years ago. It is now worth $600,000. If he contributes it to the council, he is entitled to a charitable income tax deduction of $600,000. He also avoids $80,000 in capital gains tax, tax which he would owe if he sold the property instead of giving it away.

GIFTS SALES OF LAND

Gifts of real estate are not all-or-nothing propositions. For example, you may donate a partial interest in the land (or in certain land rights), instead of donating the entire property. You receive a tax deduction based on the appraised value of the interest you donate. You may gift a portion and sell a portion, known as a gift/sell arrangement.



A donor has 10 acres of land worth about $20,000 an acre. She doesn't want to give it away, so she keeps seven acres and donates three acres to the Council. She gets a tax deduction of $60,000, and the Council has three acres to use or sell as it wishes.



Mr. and Mrs. Donor, both about 70, have a vacation home worth about $400,000. They use it a few weeks a year and rent it out when they aren't there. They want the council to have it someday, but not yet. So they make a life estate gift to the council. They continue to use the property, just as before, they still get all the rental income, and they get an immediate income tax deduction for almost half of the property's value. The council cannot use or possess the property until both donors have passed away.

LIFE ESTATE GIFTS

Some people want to give a home, vacation home, or farm to Scouting sometime in the future. But not yet - for now, they still want to use the property themselves. A gift with a retained life estate helps you do both. A life estate gives Scouting the right to your property after your lifetime - and not before, and you retain the right to use and enjoy it for the rest of your life and/or the life of another. If the property is income-producing (e.g., rent, crops, timber), you may also keep that income during your lifetime. During your lifetime, you will also continue to be responsible for the insurance, maintenance, mortgages, etc.

Scouting has no right to use or possess the property until after your lifetime, but you still receive an income tax deduction now, for part of the property's value. It also removes the property from your estate.

Instead of using a life estate arrangement, you could just leave the property to the council in your estate plan, such as in your will or a trust. But if you don't have a taxable estate, there will be no tax savings for such a gift. The life estate is a way to not only generate a tax deduction, but one you can use now to offset your income tax. Tax deductions usually depend on the age of the donors and the property value.

What if you make a gift with a retained life estate and, in a couple of year, decide you don't want to use the property anymore? You may always transfer to the council your remaining right to use the property - and receive another current tax deduction.

IRA CHARITABLE ROLLOVER GIFTS

An IRA rollover gift can be an easy and effective way to make a gift to Scouting. After all, sometimes gifts of IRA assets to family members or friends may generate an unusually high transfer tax on the assets.

If you are age 70 1/2 or older, you have a special opportunity to make lifetime distributions from your IRA. You may designate up to $100,000 in distributions, annually, from your IRA directly to Scouting, without being taxed on the withdrawals. If your spouse has a separate IRA, he or she may also give $100,000 during the year to Scouting, tax-free.

Other things to know about “IRA direct” gifts:

- Gifts must come from traditional IRAs or Roth IRAs, not from 401(k)s or 403(b)s.
- IRA gifts should go directly from the plan administrator to Scouting - they should not come to you first.
- IRA direct gifts will count toward your annual required minimum distribution.
- You may specify a use or purpose for your tax-free IRA direct gifts, but they cannot be used to fund gift annuities, donor advised funds, or charitable trusts.

This type of gift may be particularly useful if:

- You don’t itemize your tax deductions
- You do itemize, but you’ve already met the limit on your deductions for the year.

If you are younger than age 70 1/2 and still want to make lifetime distributions to Scouting from your IRA, you may do so - however, you will be taxed on the distribution. At best, your tax deduction may offset the tax you paid to make the gift. But, if you don’t itemize, this gift may be costlier to make than necessary. You may always name Scouting as a primary, alternate or contingent IRA beneficiary at the end of your lifetime.

2 INCOME PRODUCING GIFTS

If you are a charitably minded individual, this may be a particularly good time to consider gifts such as gift annuities, charitable trusts, and gifts of remainders in homes and farms. With the 2018 tax act changes, less than 1/10th of 1% of estates are subject to estate tax. In other words, very few estates will get (or need) estate tax savings for charitable bequests.

Of course, income taxes and capital gains taxes still affect almost all of us. That's why many lifetime giving strategies still involve current income tax deductions, capital gains savings and deferral, and annual income payments for a term of years of for life.

You may, of course, prefer to make your gifts to Scouting in your will or other estate designations. Many people prefer that flexibility, and peace of mind, even without any current tax benefits. But here are some great ideas if you think additional income, and current tax deductions, will help meet your family's estate planning needs.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity is a simple contract between you and the Boy Scouts of America. You make a gift, and the BSA agrees to pay a fixed amount of income, for life, to you, and/or a spouse or to one or two individuals you select. These payments are sent quarterly and guaranteed by the general assets of the Boy Scouts of America; the amounts will not change and are unaffected by market performance.

Annuity payments, are based, in part, on the age of the income beneficiaries at the time their payments begin. When the annuity ends, what's left of the original gift, net of fees, is transferred to the council for whatever purposes you designate.

There are other benefits as well. You receive an immediate charitable income tax deduction when you make your gift. Also, the annual payments are partially tax-free (considered to be a return of principal). If you made your gift with appreciated property (stocks, mutual funds, bonds, etc.), and other part of the annual income will be taxed at the reduced capital gains tax rates.
Perhaps the most important benefits may be: A) a stream of income that you can count on for life; and B) the satisfaction of making a significant gift to Scouting when your gift annuity ends. The gift annuity may even increase your current cash flow, depending on what you use to fund it.

The minimum gift for a BSA gift annuity is $10,000 in cash or stock. You cannot add to a charitable gift annuity once it is made, but you may set up as many of them as you wish and consolidate the payments.

You may choose anyone to receive the payments for life, but all beneficiaries must be at least 60 years of age at the time the payments begin. Also, there may be gift tax implications if you have chosen beneficiaries other than yourself and/or your spouse. Most donors select themselves and/or a spouse to receive the income.

A 70 year-old donor in the 25% tax bracket wants to set up a $10,000 gift annuity; it will pay 5.6% annually. She is considering either a gift of cash or stock (with a basis of $2,500):

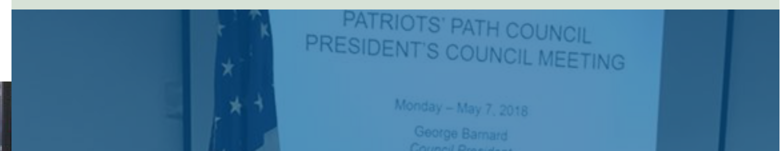
	Tax Deduction	Annual Income	Tax-Free Portion of Payments
Cash	$4,016	$560	67%
Stock	$4,016	$560	17%

Because of the tax-favored annuity payments (compared to fully taxed income from other sources), the effective rate of return will exceed the stated rate of return for the gift annuity, depending on your tax bracket and the cost basis of your gift.

The annuity payments end at the end of the gift annuity term (after the lifetime(s) of the income recipients). The remaining value of the original gift, net of fees, is given to the council, either for general or specific use. The BSA Foundation coordinates the gift annuity program to relieve the councils from often difficult and costly administrative burdens, required reserved funds, and state filings and fees.

DEFERRED GIFT ANNUITIES AND RETIREMENT PLANNING

You may also elect to defer the start of the payments until later - for example, to start when you move into a lower tax bracket, or because you need extra retirement income. The longer the deferral period, the higher the payout you can expect to receive. Unlike IRAs and other retirement alternatives with contribution limits, there is no limit as to how much you can place in a deferred gift annuity.



A 60 year-old donor (with a 59 year-old spouse) sets up a $50,000 BSA gift annuity but defers the start of the income for five years - until he retires at age 65. He gets an immediate income tax deduction of $14,947 and, when he retires, he and his spouse will receive $2,700 a year for the rest of their lives. He decides to set up other gift annuities: one every year for the next five years. Each time, he receives another income tax deduction (when he most needs it), has a significant source of extra retirement income, and his council receives these gifts after their lifetimes.

CHARITABLE REMAINDER TRUSTS (CRTS)

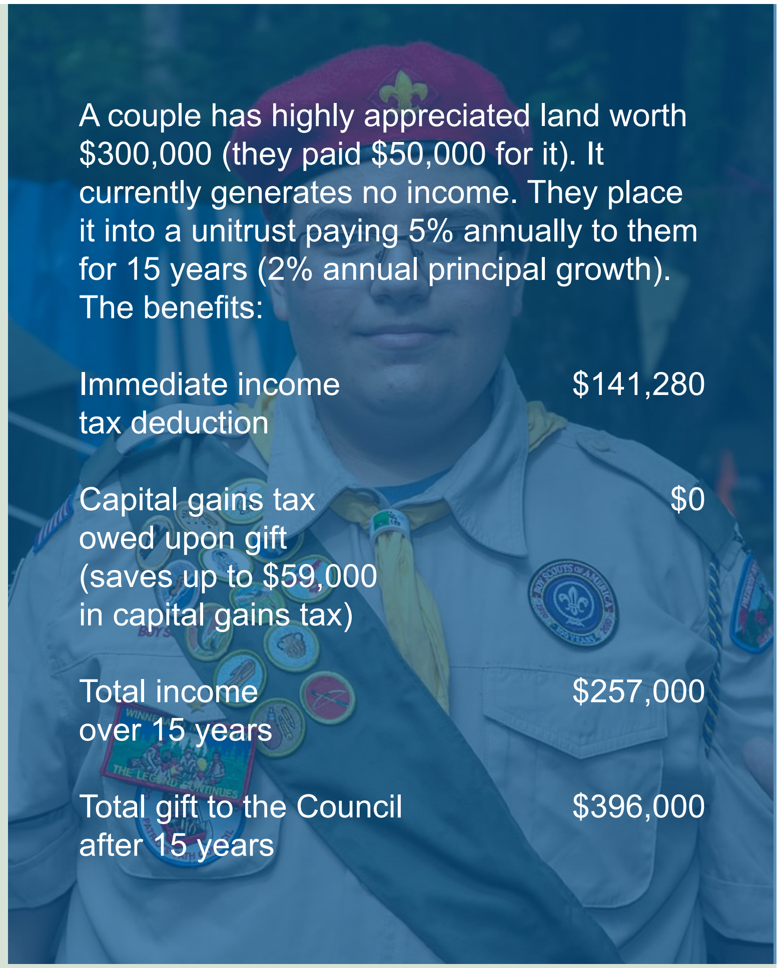
The charitable remainder trust is one of the most flexible and effective types of major gifts. Your gift is placed in a trust and the trust sells and reinvests the assets. The trust makes regular income payments to your and/or others for a specific number of years or lifetimes - you can decide if you want this income to start now, or in the future. The CRT may be funded with cash, stocks, bonds, land, or other assets, and you receive an income tax deduction when you create your trust.

You may choose your payout rate and payments are based on the fair market value of the assets placed into the trust. Payments can be a specific dollar amount (annuity trust) or a fixed percentage (unitrust). Unitrusts are revalued each year - as the principal changes in value, the annual income also changes. When the trust ends, the remaining principal (or "charitable remainder") goes to the council.

Some donors combine their CRT with a "wealth replacement" strategy - for example, using part of all of the tax savings from their CRT tax deduction to purchase a life insurance policy - "replacing" the assets in the CRT, and having them pass to family members outside of the estate.

You control many aspects of the CRT. In general, the shorter the trust term, or the smaller the payout rate, the larger your charitable deduction. Also, since the assets placed in the CRT are removed from your estate, this may result in significant savings in probate costs and, for larger estates, a reduction in estate taxes.

A CRT requires a trustee, but you may choose a bank or trust company, a family member, or even serve as your own trustee. The trustee should be experienced in financial planning instruments and tax filings. You may select the BSA Foundation as trustee, if the trust is funded with at least $100,000 or more in cash, stocks, or other securities (more for real estate).



A couple has highly appreciated land worth $300,000 (they paid $50,000 for it). It currently generates no income. They place it into a unitrust paying 5% annually to them for 15 years (2% annual principal growth). The benefits:

Immediate income tax deduction	$141,280
Capital gains tax owed upon gift (saves up to $59,000 in capital gains tax)	$0
Total income over 15 years	$257,000
Total gift to the Council after 15 years	$396,000

Funding a CRT with low-yielding, highly appreciated assets may increase your cash flow and avoid up front capital gains taxes. The timing and rates of payment, investments, type of income and other details can be tailored to provide a gift plan that is relative, fiscally sound, and responsive to your needs.

RETIREMENT PLANNING WITH CHARITABLE TRUSTS

Most retirement plans limit how much you can contribute to withdraw in any given year. However, using a CRT as a “retirement alternative,” may give you much more flexibility - you are only limited by what you choose to put in the trust, and by how much income you choose to receive.

A donor, age 55, has an over funded IRA but wants to create more retirement income. He sets up a charitable remainder unitrust now and adds $50,000 a year in cash and/or stocks to the trust for the next 10 years. He wants a high-growth portfolio (7%) until he retires, then wants to reinvest to generate 5% a year income for the rest of his life (and 2% annual growth). The benefits:

Income tax deduction in the next 10 years	$150,000
Capital gains tax owe upon gift	$0
Income in the first year of retirement	$41,877
Estimated total lifetime trust income	$1,657,000
Total gift to the council at end of trust	$1,457,000

CHARITABLE LEAD TRUSTS

Some think of a lead trust as a partnership between themselves and Scouting. Some see it as a "mirror image" of a charitable remainder trust. But most people agree - the lead trust is a great way to benefit Scouting now - using assets that eventually return to you, or to your loved ones, at little to no tax cost.

In a lead trust, your assets are held and invested in trust for a period you choose - either a number of years or lifetime(s). During this period, a nominal amount is paid to the council. You determine how much amount that will be, and trust earnings not needed to pay that amount are accumulated in the trust. At the end of the trust, the remaining principal (and any growth) is distributed either to you or to anyone you select - tax free. Tax deductions are largely determined by three factors: who is responsible for tax on the trust's income, the term of the trust, and the annual payout.

The lead trust may greatly reduce the cost of making a large gift to children. Just as important, the council gets a sizeable, ongoing gift to use now for operating, capital, or endowment needs.

DONOR LEAD TRUST

A donor sold her business for $500,000 in cash. She puts this into a 15-year lead trust paying $25,000 a year to the council (pays 5%, earns 7%). She gets a charitable income tax deduction of more than $292,000 when she creates the trust. Over the next 15 years, the council receives $375,000, and the trust grows to more than $750,000 in value. In 15 years, the donor receives the $750,000 principal and growth in the trust.

FAMILY LEAD TRUST

Another donor places an identical gift into a 15-year lead trust, but he designates his children to get the trust assets when it ends. (Note: This may create gift tax issues, as a non-spousal gift). He gets a charitable gift tax deduction of $292,000. This reduces the potential taxable gift to the children to $207,000 ($500,000 minus $292,000 gift tax deduction). Plus, the donor can use part of his lifetime exclusion to offset or eliminate this tax. When the trust ends, the children get the $750,000 principal, including trust growth - tax-free.

3 WILLS, BEQUESTS, AND LIVING

A current and valid will is the cornerstone of all financial planning; many people also use living trusts as well. Studies show that at least six out of ten adults in the U.S. do not have a valid will. Without a will - even a simple will - you cannot control who gets your property, what they get, or when they get it. You cannot protect minors, special needs family members, and you have no control over who oversees your estate. And if you don't have a will, your state will be more than happy to distribute your assets the way it wants, under state statute.

BEQUESTS

A bequest is a gift or legacy left by will, typically personal property or assets designated to a charity through your will. Bequests offer flexibility and can be structured to fit your personal situation. The gift is revocable, so you can change your mind at anytime should your circumstances change. In many cases, a bequest can reduce the taxes that would be levied against your estate, in the same way that donations during your lifetime entitle you to charitable income tax deductions.

You may also use your will to establish, or add to, trusts or funds you created during your lifetime. For example, a donor during his/her life can create a donor advised fund, charitable remainder trust, scholarship fund, etc., but not fund it until death - instead, using a bequest or living trust instead of a will, Scouting can also easily be included in that.

There are different types of bequests to consider, such as:

OUTRIGHT BEQUESTS

An unrestricted bequest assures that your gift will benefit the Patriots' Path Council's Scouting programs which prepare every eligible youth in Middlesex, Morris, Somerset, Sussex, and Union Counties to become a responsible, participating citizen and leader who is guided by the Scout Oath and Law.

Sample language:
I give to the Patriots' Path Council, Inc. Boy Scouts of America, 1 Saddle Road, Cedar Knolls, NJ 07927 (specific dollar amount or percentage of my estate or specified asset).

RESIDUARY BEQUESTS

Through a residuary bequest, a fixed amount or a percentage of your estate is reserved to provide for your heirs first. Any remainder or residue, or a percentage thereof, is then passed on to the Patriots' Path Council.

Sample language:
I give to the Patriots' Path Council, Inc. Boy Scouts of America, 1 Saddle Road, Cedar Knolls, NJ 07927 all (or a percentage) of the rest, residue, and remainder of my estate.

CONTINGENT BEQUESTS

A contingent bequest results in a gift to the Patriots' Path Council only under the circumstances you describe, such as the death of your primary heirs.

Sample language:
If (other named beneficiary) does not survive me, I give to the Patriots' Path Council, Inc. Boy Scouts of America, 1 Saddle Road, Cedar Knolls, NJ 07927 all (or a percentage) of my estate.

CHANGING AN EXISTING WILL

If you already have a will and want to make some simple changes, you may not have to redo your entire will. You can make simple changes to a will using a codicil. A codicil is an addition or amendment to an existing will. They need to be executed with the same state law formalities as your will, but they are often very short in length - the gift you add, or the change you make, may be as little as one sentence. Like your will, they also can be revoked or changed during your lifetime.

No matter what your charitable plans, please ensure you have a valid will, and regularly review it so it meets the changing needs of you and your family.

Also, consider the many benefits, and the great impact, of naming Scouting in your estate plan.

Regardless of your charitable plans, it is wise to have a will in place. Even a simple, basic will, leaving everything to a spouse, children, or other loved ones, and naming an executor, is a vast improvement over no will at all.

IRAS AND RETIREMENT PLANS

Retirement fund assets can be among the most significant assets left in an estate. Unfortunately, leaving IRA assets to heirs may be one of the costliest gifts of all, especially if you still have a taxable estate.

You can name Scouting as either a primary or contingent beneficiary of a retirement account (e.g. IRA, 401(k), 403(b), etc.). These gifts enable you to make a larger gift than you expected; IRA distributions at death, made to Scouting, are not hit with taxes, as are distributions to individuals.

For many donors, the best way to deal with IRAs and other retirement assets estate plans is to name either a spouse or Scouting (or both) as survivor beneficiary. It is easy to name Scouting as an alternate or contingent beneficiary of your retirement accounts - simply request a change-of-beneficiary form from your plan administrator. IRA and other retirement account designations may also be used to fund a charitable trust or fund created during your lifetime (such as a donor advised fund, or scholarship fund), or in your will (such as a testamentary trust).

LIFE INSURANCE

Life insurance plays an important part in the estate plans of many people. Most people have some form of insurance; many have policies no longer needed for its original purpose. For example, do you have a policy for:

- Children/spouses who no longer need it, or are from a previous marriage?
- A home mortgage, or educational expenses that no longer exist?
- A business you no longer own, or has other coverage at this point?

It may be beneficial to donate such policies to Scouting. In general, if you donate a new or existing policy, your tax deduction is about equal to the policy's cash surrender value. You can also deduct any annual amounts paid to keep the policy in effect.

A donor has a $100,000 life insurance policy she no longer needs. It has a cash surrender value of about $64,000 and she makes annual premium payments of $1,100. If she gives that policy to the council, naming it as owner of the policy, she receives about $32,000. She may also deduct her $1,100 annual gifts to the council to help it keep the policy in force.

A donor makes a $250,000 gift to the council for its campaign. His children aren't very happy about losing part of their inheritance. The donor "replaces" the gift in his estate with $250,000 second-to-die policy, and names his children as beneficiaries. He pays for the policy using part of the tax savings from his earlier gift. The children are happy again.

Some of the most common uses of life insurance in charitable planning:

- Name the council as a beneficiary, or owner, or an existing policy.
- Buy a new policy and give it to the council.
- Use your tax savings from a previous gift to Scouting and buy a new policy, such as a second-to-die policy, that names your children as beneficiaries, "replacing" the previous gift.

As with all "check the box" types of designations, please review them regularly to make sure they reflect your wishes and any changes in your personal situation. Also, to get a deduction, you must transfer the policy to Scouting, as the new policy owner. Merely naming Scouting as a beneficiary of your policy will not generate a current tax deduction (because, as with a bequest, you can change your mind). But retaining the freedom and flexibility to change beneficiaries is often important to many donors. Talk to your own advisors about what is best for you and your family.

BANK OR BROKERAGE ACCOUNTS

There are two easy and effective options you can use to make these gifts: 1) Payable on death (POD) and 2) Transfer on Death (TOD). Payable on Death (POD) designations are used for bank accounts or certificates of deposit. Transfer on Death (TOD) designations are used for your brokerage or investment accounts. But they operate the same way.

Placing a POD designation on your bank account or CD, or using a TOD designation on your brokerage or investment accounts, allows you to name one or more charities, or persons, as beneficiary of the funds or securities upon your death. These beneficiaries have no rights to the funds until after your lifetime. Until then, you control the funds and may use the money or securities in the account, change beneficiaries, close the account - whatever you choose.

As with other beneficiary designations, these simplify your estate administration process, because they will automatically transfer to your designated beneficiaries without being hung up in the estate. Simply ask your bank representative or investment advisor about the simple steps to need to take to place a POD or TOD designation on your accounts.

As with other gifts, state laws in your state govern POD and TOD accounts. Please consult with your financial professionals about these gifts.

TAX PLANNING

Charitable gifts play an important role in estate plans - but there are other strategies that are also effective. These strategies typically involve lifetime transfers to your family and loved ones - timing those transfers to minimize the tax burden, and planning them to accomplish what you want, and what other need. The federal gift tax applies to the giver of a gift, not the recipient, for amounts above a specified level. Most gifts are sheltered from gift tax by an annual exclusion and a lifetime exemption - sometimes, both.

ANNUAL EXCLUSION

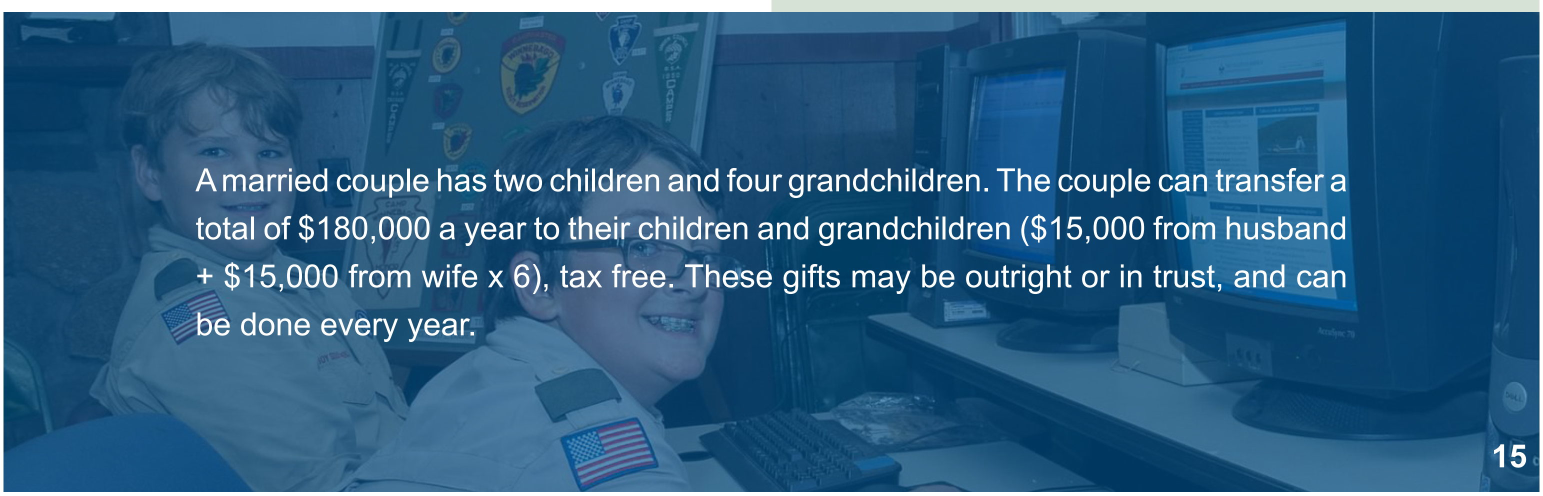
You can give gifts valued up to the annual gift tax exclusion amount each year without ever touching the lifetime exemption. For 2109, the exclusion is $15,000 per recipient. This is a per person, per year, to as many people as you want. If you are married, your spouse can also give $15,000 a year to anyone he or she chooses, without owing gift tax.

If your annual gifts exceed the annual exclusion, you have two options:

- Pay the gift tax on the excess gift over the annual gift tax exclusion, or

- Avoid the gift tax by using part of your lifetime exemption.

The annual gift tax exclusion is a way to transfer assets from one generation to another, without having to wait for your estate to do it.



A married couple has two children and four grandchildren. The couple can transfer a total of $180,000 a year to their children and grandchildren ($15,000 from husband + $15,000 from wife x 6), tax free. These gifts may be outright or in trust, and can be done every year.

LIFETIME EXEMPTION

If you make gifts above the annual exclusion amount, you can also tap into your lifetime exemption. Under 2018 tax law, the lifetime estate and gift exemption in 2019 effectively shelters from tax the transfer of up to $11,400,000 per person, either during life or at death. The greatly increased lifetime exemption presents some great opportunities for families, including:

A couple will likely not owe any transfer taxes, or estate taxes, regardless of who they give it to, or when, if their estate is less than $22,800,000.

- Statistically, about 99% of all estates no longer owe estate tax, because the exclusion amount exceeds the value of the estates.
- Setting up trusts for family members just to save taxes may no longer be needed. There are other good reasons to set up trusts, e.g. controlling funds for minors, special needs family members, education, etc., but saving taxes may no longer be one of them.
- It greatly increases how much you can leave to your family tax-free, and to Scouting for the purposes you love and support.

As with all planning, discuss this with you own advisers, especially considering the frequent changes in tax legislation.

There are two other exemptions from estate and gift tax that can be very effective as well:

UNLIMITED MARITAL DEDUCTION

The amount that can be given by one U.S. citizen spouse to another, either during life or at death, is unlimited. Tax-free gifts to non-U.S. citizen spouses, however, are considerably more limited.

UNLIMITED CHARITABLE DEDUCTION FOR ESTATES

If your estate is still subject to the estate tax (currently, the Federal estate tax rate is 40%), the estate receives an unlimited charitable estate tax deduction for any amount directed to charity by will, trust, or gift instrument.

For an even more effective estate plan, also consider these strategies:

Try to itemize your deductions to help you maximize the amount you can deduct. Consider pre-paying 2-3 years' worth of your regular annual gifts, accelerating pledge payments, and even setting up a donor advised fund to direct future charitable gifts.

Even if you don't itemize deductions you may still see considerable tax benefits from gifts of appreciated property. Cash gifts are after tax dollars, whereas gifts of appreciated property such as stocks and bonds usually represent pre-tax dollars.

If you are in a high tax bracket, try to shift as much taxable income) dividends, taxable interest) to: 1) income that is either tax-free or long-term capital gain, or 2) to family members in lower tax brackets, either outright or through trusts.

Defer income to years when you're in a lower tax bracket, and take deductions in years when you're in a higher tax bracket. Consider setting up a deferred gift annuity, giving you tax deductions now but deferring income to lower tax year.

STATE TAXES

Keep in mind that your state may impose estate or inheritance taxes, separate and apart from the Federal tax. Those rules will vary by state, so consult with your tax advisor to assess whether state tax in planning maybe appropriate in your case.

4 ENDOWEMENT GIVING TRUST

Achieving both the immediate and long-range program objectives of the Patriots' Path Council is increasingly challenging every year. Financial resources must be secured to guarantee sufficient means to meet these program objectives.

Although the council is financially stable, its annual operating costs must be secured through gifts from the friends and families of Scouting, United Way support, foundation grants, and through special events and activities. Support from events, project sales, and activities has increased, but cannot be counted on for long-range stability.

The most realistic solution to this responsibility is in further development and expansion of the council's permanently restricted endowment funds. These are professionally managed funds where the principal remains in perpetuity, with only earned income used annually for the support of the program of your choice.

The Patriots' Path Council has separate endowment funds designated for several purposes including general program support, and camp scholarships.

SCOUTING PROGRAMS ENDOWMENT FUND

The Patriots' Path Council, Inc., Boy Scouts of America seeks to train youth in responsible citizenship, character development, and self-reliance through participation in a wide range of outdoor activities, educational programs, and, at older age levels, career-oriented programs in partnership with community organizations. This fund supports all aspects of delivering a quality and robust Scouting program in Middlesex, Morris, Somerset, Sussex and Union counties, including staffing, program supplies, property maintenance, and costs associated with camping and activities.

WARREN WHEELER ADVENTURESHIP FUND

Camping and other outdoor activities are an essential part of the Scouting experience, with programs that deliver adventure, challenge, and fun. If you talk to Scouts they'll tell you the real benefits come in a much subtler form - the close friendships, the increased confidence, and the chance to spend one week of the year making memories that will last a lifetime. Some Scouts in families who are in a financially difficult situation may not have the opportunity to attend summer camp. This fund provides annual scholarships, made possible through an application and review process, to provide camp scholarships to Scouts in need.

5 DONOR RECOGNITION

The council aims to provide acknowledgments that truly recognize the remarkable generosity of our donors and convey our warmest appreciation to those who support Scouting programs in Middlesex, Morris, Somerset, Sussex, and Union Counties. We value every gift, large or small, and offer many ways to demonstrate our gratitude for donor generosity.

When you make Scouting a part of your philanthropic priorities, you will be welcomed into special recognition groups who share your desire to impact the future. While every donor has a different way they express their vision for Scouting's future, all share a common goal...ensuring every young person has the ability to experience Scouting for the next century and beyond.

JAMES E. WEST

Donors who contribute $1,000 or more in cash, stocks, or bonds to one of the council endowment funds are eligible for recognition as a James E. West Fellow. We always recommend that these gifts be made in addition to, and not in place of, the donor's annual support to the Patriots' Path Council. Individuals and corporations often make these gifts on behalf of others - to honor an Eagle Scout, a retired Scouter, commemorate a special accomplishment or anniversary, or in memory of a loved one. There are also higher levels of the James E. West Fellowship for endowment gifts of $5,000, $10,000, and $15,000.

HERITAGE SOCIETY

The council's Heritage Society honors generous donors who have included the council in their wills, trusts, or another designation as part of their estate plan. All planned giving donors receive membership once they have completed a signed letter of intent, which is confidential and can be revoked at any time. Members will be recognized by name (with consent) as members of the Society in select council publications, including the *On My Honor* newsletter, the Forever Fund Recognition Program booklet, and more.

SECOND CENTURY SOCIETY

The Second Century Society is the Boy Scouts of America's national recognition program, which recognizes Scouting's major donors at both the council and national levels. For outright gifts of $25,000 or more, paid now or pledged over a five-year period, or for deferred gifts of $100,000 or more (such as bequests, life insurance, IRA designations, etc.). Second Century Society gifts may be for operating, capital, or endowment purposes. Donors are recognized at one of four levels: $25,000 minimum; $100,000 and up; $500,000 and up; $1,000,000 and up. There is also a Lifetime Investor award for donors who can document lifetime giving to Scouting, starting at the $500,000 level.

6 ADDITIONAL INFORMATION

VALUING AND DOCUMENTING YOUR GIFTS

The most current information about gift valuation and documentation will come from the IRS. You may want to go to their web site (www.irs.gov) and review Publication 561, as well as Form 8283 and its instructions.

For gifts valued at $5,000 or less, you typically do not need an appraisal. You may establish the value of your gift property using the best information you have: similar sales on Ebay, auctions, dealer or store prices, etc. For most gifts over $5,000 (except publicly traded securities), you will need to have the property appraised. It needs to be a recent appraisal, from a qualified appraiser.

Also, your tax deductions are not unlimited for the year. In general, stock, land, or other property you have owned for more than one year is deductible up to 30% of your adjusted gross income (AGI) for the year, it is deductible up to 50% of AGI for the year, and the deduction may be limited to the property's cost basis. For all gifts, though, you can always carryover unused tax deductions for five years after the year of the gift.

Please talk with your advisors; there are always exceptions to these rules

In all of the transactions, you will need to use our legal name Patriots' Path Council, Inc. and our Federal Tax ID #22-3661431.

PROFESSIONAL GUIDANCE

Financial and tax matters are highly complex, and certain professionals can provide skills and expertise to assist you in formulating estate plans. It is important to identify qualified professionals from reputable sources.

- An **estate planning lawyer** is needed to interpret the maze of laws on property rights, taxes, wills, probate and trusts.
- A **certified public accountant** who specializes in tax matters can analyze the tax impact of estate plans.
- A **financial advisor** or **life insurance professional** offers advise on ways life insurance can build your estate and provide the liquid funds needed for taxes or a business buyout agreement.
- A **trust officer's** experience in administering trusts is valuable in discussions of personal and investment aspects of fiduciary relationships.
- A **charitable gift planner** represents a charity and can explain the array of gift plans available to meet your needs, save taxes and serve the organization's goals.

DISCLAIMER

This booklet is designed to provide general information about charitable giving. It is distributed with the understanding that it is for information purposes only and the Patriots' Path Council, Inc., Boy Scouts of America is not engaged in rendering legal, accounting, or professional services. Please seek professional expertise to review or advise you on your financial situation.

FOR MORE INFORMATION

To learn more about the many giving opportunities available through Scouting and for resources for qualified professionals who can assist you during the giving process, please contact:

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