

A GUIDE TO GIVING



SUSTAINING THE HOPE



**St. Jude Children's
Research Hospital**

ALSAC • Danny Thomas, Founder

Finding cures. Saving children.

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SPECIAL WAYS TO GIVE

St. Jude Children's Research Hospital® continues to make important strides in finding cures for catastrophic childhood diseases. This has been made possible through the generous support of caring individuals who have chosen to support these vital efforts.



By carefully considering how best to make your gifts, you may find that you can take an even greater role in helping to fulfill Danny Thomas' dream that "no child should die in the dawn of life."

In these pages, we explore a number of ways that will allow you to be an important part of the work of St. Jude—through gifts you make today or through gifts that first provide for your continued financial security and that of your loved ones.

With careful planning, you may find you can make a gift you never thought possible while you enjoy increased income, tax savings and other benefits.

We will be pleased to provide you or your advisors with additional information about any of the planning opportunities presented here, in confidence and with no obligation.

Neither the author, the publisher, nor St. Jude Children's Research Hospital is engaged in rendering legal or tax advisory service. For advice or assistance in specific cases, the services of an attorney or other professional advisor should be obtained. The purpose of this publication is to provide accurate and authoritative information of a general character only. Watch for tax revisions. State laws govern wills, trusts, and charitable gifts made in a contractual agreement. Advice from legal counsel should be sought when considering these types of gifts. Calculations of tax deductions will vary based on applicable federal discount rates which change on a monthly basis. Check for current deduction amounts before completing your gift.

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WAYS TO GIVE NOW



Gifts of Cash

Gifts of cash and by check are the most popular form of charitable gifts. You enjoy tax benefits for cash gifts when you itemize deductions on your tax return. This can bring welcome savings at tax time, eliminating federal income tax on up to 50 percent of your adjusted gross income each year. The higher your tax bracket, the more you will save. Additional state tax savings may apply as well.

Example: Mary makes a gift of cash to St. Jude. When she files her tax return she will not have to pay tax on the amount of her gift, effectively reducing its cost.

If you give more than you can deduct in a given year, you may use any excess amount to reduce taxes in up to five future tax years.

If you are receiving income from a salary, interest, dividends or withdrawals from retirement plans that you do not need for current expenses, gifts of these funds can be a convenient way to support the work of St. Jude in a tax-efficient manner.



Gifts of Property

If you have owned stocks, bonds, mutual fund shares and certain other property for more than one year and it has increased in value since you have owned it, you can generally enjoy greater tax savings from giving that property.

A gift of such property does not result in payment of capital gains tax, while you can deduct the property's full current value for federal income tax purposes.

Example: George owns stocks worth \$10,000 that he purchased several years ago for \$4,000. He uses these securities to make a gift to St. Jude. He is entitled to an income tax deduction equal to their full value, including the paper profit. And because he gave the stock, he will not owe capital gains tax that would have been due if he had sold it.

Gifts of appreciated property are deductible up to 30 percent of adjusted gross income. Excess amounts may be used to reduce your taxes in up to five additional years.

If securities or other property you would like to give has *decreased in value*, it may be best to sell the property, realize the loss for tax purposes and make a gift of all or a portion of the cash proceeds.



WAYS TO GIVE LATER



There are many ways to include St. Jude to receive gifts as part of your long-range estate and financial plans. These gifts can often be accomplished using plans you may already have in place for other purposes. There are also ways to give using special planning tools that help you maximize income, tax savings and other benefits.

Gifts by Will or Living Trust

After first providing for loved ones, your will or living trust can be a wonderful way to make gifts that support the work of St. Jude. A gift made by will or living trust (also known as a *bequest*) can be accomplished through a simple provision in a new will or trust, or through an amendment of your current plans.

Such gifts may be arranged in a number of ways:

- You can provide for a gift of a specific amount.
- You can direct a gift of a certain property, such as securities, real estate or other items of value.
- You can designate that a percentage of your estate be given.
- You can give what remains after gifts to loved ones are fulfilled.
- You can name St. Jude to receive a bequest if other heirs do not survive you.

If desired, you can arrange for the creation of a trust as part of your estate plan that will first provide income to a loved one, with an eventual gift to St. Jude after that person's lifetime or another period of time you determine.

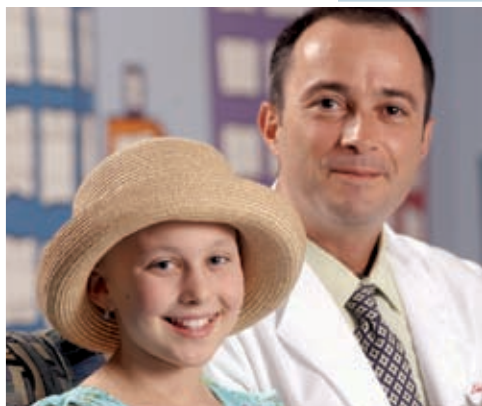
Impact of Tax Law Changes

There are no limits on the amount you can leave for charitable purposes free of federal gift and estate taxes.

Recent reductions in federal estate and gift taxes can make it possible to make larger gifts through one's will and other estate plans, while heirs actually receive more than they would have in the past.

That is because funds that otherwise would have been needed for the payment of estate taxes can now be used to increase amounts received by your heirs and charitable interests.

Example: Harold and Cindy had planned to eventually leave the majority of their estate to their children and grandchildren while also providing for gifts to St. Jude and other charities they had supported during their lifetime. After learning that their estates will no longer be subject to estate tax, they modified their plans to direct amounts that would have been paid in estate tax to instead be used to increase the amount received by their family and the amount of their charitable bequests.



Check with your advisors about the best ways to make gifts as part of your estate plans. It is wise to have estate documents drafted by a qualified attorney.



COMPARING THE BENEFITS

| Gift Method: | Donor Receives: | Tax Savings: |
|------------------------------------|---|--|
| BEQUEST BY WILL | Satisfaction that a meaningful gift has been arranged. | Federal estate tax deduction for amount bequeathed to St. Jude. |
| GIFT ANNUITY AGREEMENT | Fixed annual payments to donor and/or other beneficiary. Rate of payment based on age(s) of annuitant(s). | Income tax deduction for part of funds transferred. Payments partially tax free for a time. |
| CHARITABLE REMAINDER ANNUITY TRUST | Fixed annual income to donor and/or other beneficiary(ies) determined by donor when trust is established. | Income tax deduction for the percentage of the assets placed in trust expected to go to St. Jude. |
| CHARITABLE REMAINDER UNITRUST | Variable annual income to donor and/or other beneficiary(ies). Rate determined by donor. | |
| CHARITABLE LEAD TRUST | No income from the trust. Check with advisors on tax treatment of different charitable lead trusts. | A current income tax deduction or gift and estate tax deductions. |
| REVOCABLE LIVING TRUST | Income earned by trust may be paid to donor, charity or other(s) the donor names. | No income tax benefits (unless income goes to charity). Estate tax deduction results when property passes to St. Jude. |
| POOLED INCOME FUND | Income based upon a pro rata share of the earnings of the fund. | Income tax deduction for calculated value of gift to St. Jude. |
| Property Given: | Advantages to Donor: | |
| CASH | Convenient and accessible. | |
| APPRECIATED PROPERTY | Conserves cash for other uses. | |

Advantages to Donor:

Make a substantial gift without depleting funds needed during life.

Donor or other annuitant receives supplement to income. Minimum contribution of \$10,000 is required.

Asset preservation. Supplement income for donor or others. May be created for a term of years to provide income for short-term needs. Professional management of funds.

May provide a significant gift and have assets returned to donor or transferred to loved ones at reduced cost.

Opportunity to change the trust (and gift). Avoids probate.

Income payments may increase over time. Minimum contribution of \$10,000 is required.

St. Jude Receives:

A substantial gift to further support the life-saving mission of St. Jude.

A portion of the amount used to fund a gift annuity will further the work of St. Jude.

A substantial gift when the trust terminates. Knowledge of the gift helps St. Jude in advance planning.

Either fixed or variable payments for the term of the trust.

Substantial gift, probably larger than the donor could comfortably give otherwise.

Value of pooled fund units at the death of income recipient.

Tax Savings:

Income tax deductible for itemizers up to 50 percent of adjusted gross income (AGI). Any excess is deductible over the next five years.

Income tax deductible as above, but up to 30 percent of AGI. No capital gains tax; full value of asset is deductible.

MORE WAYS TO GIVE LATER

Life Insurance

Life insurance policies that are no longer needed for the purposes for which they were originally purchased can be used to make very meaningful gifts to further the life-saving work of St. Jude.

As in the case of gifts of cash and other assets, outright gifts of life insurance policies can result in welcome tax savings. After first providing for your loved ones, you may also choose to make St. Jude and/or other charitable interests the beneficiaries of life insurance policy proceeds at death.

Retirement Plans

The proceeds of retirement plans left to your family and friends can be subject to both estate and income taxes. For that reason, using all or a portion of the amounts left in your retirement plan may be a good option from a tax-planning standpoint when considering the most effective ways to fulfill charitable wishes as part of your estate planning.

Other Savings Plans

It may be possible to make similar arrangements by modifying the ownership provisions of bank savings accounts, mutual funds and other investment accounts. Check with your financial service providers for more information about making gifts in this way.

For Your Advisors

If you plan to include a gift to St. Jude through your will or other plans mentioned in these pages, it is important that your advisors use our correct legal name: **St. Jude Children's Research Hospital, Inc., of Memphis, Tennessee.**

GIFTS THAT MEET MULTIPLE NEEDS

Did you know that you could make a gift to St. Jude while retaining income for yourself and/or your loved ones? In fact, you can choose from a number of ways to make gifts that feature income for you and/or loved ones for life or another period of time you designate.

Special benefits of these plans, including tax savings, asset management and regular income payments, can make it possible to give more than you may have ever thought possible.



Making charitable gifts need not jeopardize your financial security or that of your loved ones. Through careful planning, you can meet a number of goals, such as:

- Increased income from low-yielding stocks or other assets.
- A supplemental source of retirement income.
- Protected income for your spouse or others who survive you.
- Provide funds to assist parents or other loved ones in their later years.
- A way to help cover educational or other expenses for children or grandchildren.

With these possibilities in mind, consider how one or more of these special plans may allow you to give more while helping to preserve your economic well-being.



GIFTS THAT MEET MULTIPLE NEEDS



Gift Annuities

Under the terms of a *gift annuity*, you transfer cash or marketable securities to St. Jude. For the remainder of your lifetime and/or that of a spouse or other loved one, you regularly receive generous fixed payments.

The payment rate for a gift annuity is determined by the age(s) of the annuitant(s) when the gift is made, interest rates and other factors.

Depending on the donor(s)' age(s), most St. Jude Gift Annuities pay rates in the range of 7 percent to 11 percent or more.

After the lifetime of all payment recipients, the gift portion of your gift annuity becomes available for use by St. Jude.

A generous federal income tax deduction is allowed for the gift portion in the year the gift annuity is completed. In addition, a large portion of each payment is received free of federal income tax for a period of time.

When a gift annuity is funded with appreciated securities, capital gain taxes that would be due on a sale are partially avoided or reported gradually over your life expectancy.

Example: Frank and Gloria have included a gift to St. Jude through their wills. They would also like to make a special gift to St. Jude during their lifetime, but are concerned that they not reduce their income during retirement. They are pleased to learn that a St. Jude Gift Annuity will provide payments that are significantly higher than the interest they had been receiving from the cash used to fund it. They also enjoy a sizeable income tax deduction, over half of their payments are received free of tax for a number of years, and the funds will not be included in their probate or taxable estate.

Contact us for current gift annuity rates, tax savings and other benefits available through a St. Jude Gift Annuity.

Charitable Remainder Trusts

Trusts are a very flexible planning tool that can help accomplish a wide range of goals. They can be used for a variety of purposes when one wishes to delay the distribution of property for any number of reasons.

For example, a *charitable remainder trust* offers a way to arrange a gift to St. Jude as part of your financial plans while first providing income for yourself and/or others you name.

With the help of your advisors, a trust is created and funded with cash or other property. A trustee you choose then manages the property for you, your spouse and/or other beneficiaries you name.

At the time the trust is created, you determine both the payment rate (usually 5 percent to 10 percent) and when the trust will terminate. Payments are made from the trust to you or others you name each year until the trust ends. The trust document specifies when you wish this to occur, such as at the death of the last beneficiary or at the end of another period of time.



When the trust terminates, all remaining assets become a gift to St. Jude. The gift portion is known as the “charitable remainder.”

You are entitled to an immediate income tax deduction for the gift portion and can also enjoy capital gains tax savings in the year you create the trust.

Charitable remainder trusts can pay either a fixed income or an income that will vary with the performance of the trust assets. Other plans, such as the *pooled income fund*, provide similar benefits.

We will be pleased to work with you and your advisors to create a trust that meets your particular needs.



GIVE AND PROVIDE FOR HEIRS



What if there were a way to make a charitable gift using funds that would eventually be returned to you or your loved ones? Remarkably, this is actually possible. A *charitable lead trust* can be used to achieve what at first might seem like conflicting goals.

Other plans discussed in these pages provide income for you, your spouse or another person or persons. Such income can be received for life or another period of time. Under such plans, when income ceases, any remaining funds are devoted to the needs of St. Jude.

Under a charitable lead trust, however, St. Jude receives its gift in the form of immediate payments from the trust for a period of time in an amount you determine. At the end of that time period, the assets used to fund the trust are returned to you or other loved ones you designate.

Because you devote income for charitable purposes for a period of time, gift and estate taxes that could otherwise be due on gifts to your heirs can be reduced or eliminated.

You may thus be able to make a meaningful gift to St. Jude while you provide your heirs with a larger inheritance than would otherwise be possible. The lead trust is just one of a number of ways you can provide for your loved ones while you also make significant gifts to fund the work of St. Jude.

ST. JUDE—A LEGACY OF LOVE

St. Jude is the single largest center in the United States for the research and treatment of pediatric cancer and other catastrophic childhood diseases. Children from all 50 states and more than 70 countries have come through the doors of St. Jude for treatment, and thousands more around the world have benefited from the research conducted at St. Jude—research that is shared freely and immediately with the global medical community.

Working together, our physicians and scientists have pioneered treatments that have helped push the overall survival rates for childhood cancer from less than 20 percent in 1962 to more than 70 percent today. The survival rate for the most common form of childhood cancer, acute lymphoblastic leukemia, has risen from just 4 percent in 1962 to 90 percent today.

And St. Jude is also making a difference in the fight against other pediatric catastrophic diseases. In addition to childhood cancers, illnesses such as sickle cell, blood and bone disorders, genetic diseases and pediatric HIV/AIDS are among those treated at St. Jude.

There is no place like St. Jude, where some of today's most gifted researchers are able to do more science, more quickly; where doctors across the world send some of their toughest cases and most vulnerable patients; and where no one pays for treatment beyond what is covered by insurance, and those without insurance are never asked to pay.

For more information, please call
1-800-395-1087 or visit our Web site at
www.stjudelegacy.org.



DANNY THOMAS–ST. JUDE SOCIETY



The Danny Thomas–St. Jude Society was established to honor the life and spirit of Danny Thomas, the founder of St. Jude Children’s Research Hospital. His love and devotion to the children and families of St. Jude and his dream that “no child should die in the dawn of life” has inspired us all.

The Society was created to pay tribute to friends who have included St. Jude in their will or other estate and financial plans. In this way, we honor the dedicated individuals whose generosity and foresight have made St. Jude’s extraordinary achievements possible. Through their commitments, members help ensure the hospital’s future excellence and guarantee that Danny’s spirit will always endure.

The Danny Thomas–St. Jude Society has played an important role in the growth and success of St. Jude. Planned gifts have provided books for Child Life areas, new parent/patient rooms, developing new cancer treatment protocols and life-saving research.

There are no membership fees or minimum gift amounts to join the Danny Thomas–St. Jude Society. The size of your gift is entirely your choice and is kept confidential. If you have already included St. Jude in a bequest or other planned gift, we hope you will let us know. Your willingness to be listed as a member of the Danny Thomas–St. Jude Society not only encourages others to follow your example, but inspires the doctors, researchers and patients, knowing that St. Jude’s life-saving mission will continue for generations to come. If you have not included St. Jude as part of your plans, won’t you consider giving the gift of hope, health and love to those families with children who suffer from catastrophic childhood illnesses? Thank you for your consideration.

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