



The Importance of Giving in the Right Ways

People choose to make charitable gifts for many reasons, including:

- The desire to help others
- A close affiliation with a charitable interest
- A sense of personal fulfillment

There can be important financial benefits, too. For example, gifts to Northridge Hospital Medical Center and other qualified organizations and institutions are generally tax deductible in the year they are completed for those who itemize deductions on their income tax return.

Gifts save taxes

While tax savings rarely rank as the primary motivation for making charitable gifts, favorable tax treatment can help make your gifts more financially attractive. For example, if you give \$1,000 and are in the 28% tax bracket, you pay \$280 less in taxes.

Making your gifts in a form other than cash may make it possible to increase your gifts while realizing even greater tax savings. If you are over age 70½ you may be able to benefit from new opportunities to make gifts from otherwise taxable retirement plan withdrawals.

Complete your gifts early

If you intend to make charitable gifts or take other actions to lower your taxes in 2008, it is important to complete them no later than

Year-End Planning Overview

- All gifts completed by December 31 qualify for tax savings on your 2008 income tax return.
- Keep all receipts and acknowledgment letters, especially for gifts of \$250 or more.
- Using appreciated securities to make gifts can typically yield greater tax benefits.
- Keep track of any capital gains realized this year, as charitable gifts may offset these gains.

December 31, 2008. You may want to meet with your advisor now to ensure you have ample time to accomplish your charitable and other financial objectives.

Year-end planning can provide one of the best means for you to minimize taxes, maximize savings, and carry out your wishes.

We will be pleased to work with you and your advisors as you plan your philanthropic gifts in a timely and advantageous manner.

Maximize Your Tax Savings

What you choose to give when making end of year gifts can allow you to give more than you might have otherwise thought possible while also increasing your tax savings and other benefits. The following information may be especially helpful as you go about planning your gifts most effectively this fall.

Surprising benefits from non-cash gifts

Funding gifts using stocks, bonds, mutual funds, and other appropriate property that has risen in value since you have owned it can make good sense from both a philanthropic and a financial planning standpoint.

If you have owned such property for more than one year, you can be entitled to an income tax deduction based on the current value of the property, not just the amount you paid for it.

Tax deductions resulting from gifts of appreciated property can eliminate tax on up to 30% of your adjusted gross income (AGI). Any unused deductions can lower your taxes in up to five future tax years.

When you make gifts to Northridge Hospital of such property, you also bypass capital gains tax that would be due if you sold the property, adding to the tax savings you enjoy from making gifts in this way.

Example: Louis and Suzanne usually make their gifts using cash or by check. This year, however, their advisor suggested they give stock valued at \$30,000 that they purchased a number of years ago for \$10,000.

In their tax bracket, they are entitled to an income tax charitable deduction of \$30,000 while completely bypassing capital gains tax on the \$20,000 increase in the stock's value. They also enjoy the satisfaction of making a meaningful gift in support of Northridge Hospital.

TAX SAVINGS AT A GLANCE (PER \$1,000 CASH GIFT)		
INCOME TAX BRACKET	AFTER-TAX COST*	TAX SAVINGS
25%	\$750	\$250
28%	\$720	\$280
33%	\$670	\$330
35%	\$650	\$350

*The after-tax cost can be even lower, and the tax savings even greater, if you give appreciated assets such as stocks or bonds.

Benefit from losses

If you have investments that have **decreased** in value since you have owned them, you may want to consider selling them (thereby creating a tax-deductible loss) and then giving the cash proceeds from the sale. This can result in tax deductions that total more than the current value of the investments.

The resulting cash gift can be used to eliminate tax on up to 50% of your AGI. The tax loss may be used to offset other capital gains.

Check with us or your advisors for more information about tax-favored gifts of securities and other assets.

- When you itemize deductions, you may deduct cash gifts of up to 50% of your adjusted gross income (AGI).
- Gifts of appreciated securities and certain other assets may be deducted at full value in amounts up to 30% of your AGI.
- Excess deductions can be used to reduce taxes in up to five future tax years.
- Property owned for more than one year may qualify for maximum tax benefits from charitable donations.
- If you are over age 70½, up to \$100,000 may be directed from Individual Retirement Accounts (IRAs) for charitable purposes.

Questions & Answers About Year-End Giving

Q. What can I contribute as part of my year-end planning?

A. Cash, usually in the form of a check, is the most popular type of charitable gift at the end of the year. If you itemize your tax deductions and donate cash, you are allowed to eliminate tax on up to 50% of your adjusted gross income (AGI). Any unused deductions may be used to help reduce taxes in up to five future tax years.

Q. What if I have securities that are worth more than I paid for them, may not continue to grow in the future, and could decrease in value?

A. In that case, you may wish to use the securities to make charitable gifts and enjoy a tax deduction based on their full value while bypassing capital gains tax. Use the cash you might have otherwise given to repurchase the same investment at a new, higher cost basis or purchase other invest-

ments and thereby diversify your holdings.

Q. Why should I make my gifts as early as possible?

A. In order to enjoy tax benefits for charitable gifts this year, they must be completed by December 31. Begin discussing your plans with advisors early to allow enough time to complete transfers and avoid hasty, last-minute decisions.

Q. I usually don't itemize my income tax deductions. Can I still save taxes from my gifts?

A. Yes. Consider making extra gifts this year to boost the total of your deductions over the standard deduction amount, thus qualifying you to itemize. This is sometimes referred to as "bunching" deductions. Remember, you avoid capital gains tax on donated property whether you itemize deductions or not.

Tax Benefits From Gifts of Appreciated Securities

- Gifts of appreciated securities such as stocks, bonds, and mutual fund shares are generally deductible at fair market value, regardless of the original cost.
- Income tax savings can amount to 35% of the value of the assets.
- Capital gains tax that would otherwise be due if the assets were sold can be bypassed if the assets are donated.
- Gifts of appreciated securities can serve to offset tax on up to 30% of your adjusted gross income.
- Unused deductions can help reduce taxes in up to five future tax years.

Tax-free Gifts From IRAs

If you are at least age 70½ and must take unneeded taxable distributions from a traditional or Roth IRA, you may be pleased to learn of a special provision in the law that Congress has recently extended. You can direct your mandatory withdrawal amount (or any amount up to \$100,000 a year) to be used to make charitable gifts on a totally tax-free basis.

Amounts donated in this way in 2008 and 2009 will not be included in your taxable income, even if you do not normally itemize your deductions or would otherwise be subject to adverse tax consequences.

When considering the best ways to make your charitable gifts to

Northridge Hospital Medical Center and others this year, you may find this to be a particularly convenient tax planning strategy.

Note that those over age 59½ who can take withdrawals from retirement accounts without paying a 10% penalty for early withdrawal may also be able to enjoy many of the same benefits by making charitable gifts using these funds.

Check with your plan administrator or other advisors for more information on the best ways to make tax-favored gifts from your retirement accounts.

Give While Meeting a Variety of Needs

There are many ways to make charitable gifts that can also enhance your plans by helping you to:

- **Save taxes.** Income, capital gains, gift, and estate tax savings can all be possible from carefully considering the timing of your gifts and the property used to fund them.
- **Diversify investments.** By planning carefully, you may be able to make significant gifts while reinvesting in a broader mix of opportunities.
- **Increase income.** There are also various plans that can help you convert low-yielding assets into a gift that produces higher income for you. Check with us or your financial advisors for more information.
- **Provide for loved ones.** Certain gift planning tools also can be used to provide a secure source of income for a surviving spouse or other loved ones while reducing or eliminating gift and/or estate taxes that would otherwise be due.
- **Create a memorial.** All of the gifts discussed in this issue may be used to honor the memory of someone special to you.

Make arrangements now to meet with your professional advisors to plan your charitable gifts for maximum benefits to you, your loved ones, and Northridge Hospital.

O.J. Steioff Leaves Legacy Gift

Whether you have a sizeable estate or a modest accumulation of assets, planned gifts created through wills and trusts don't just happen. They are carefully considered decisions that best suit you, your loved ones, your financial circumstances, and your charitable goals.

Recently, Northridge Hospital Foundation was fortunate to be the recipient of a very generous planned gift from the trust of Mr. O.J. Steioff. A retired captain of American Airlines and a longtime resident of the San Fernando Valley, Mr. Steioff ensured that his estate plans were in order prior to his passing this past year. His bequest to Northridge Hospital was an expression of his appreciation for the care his wife, Estella, received while undergoing treatment at the Thomas and Dorothy Leavey Cancer Center.

“As a non-profit hospital, we rely on community support to help us adequately fund needed state-of-the-art equipment and technology. By making a bequest or deferred gift as Mr. Steioff has done, you leave a legacy that can provide benefits to you, your family, and your community for many years to come,” says Brian Hammel, President of the Northridge Hospital Foundation.

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You can provide for the future of Northridge Hospital Medical Center while you also accomplish other important personal and financial goals. We will be pleased to assist you and your advisors as you focus on your year-end financial planning. For more information, in confidence and with no obligation, please contact:

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Please write to us if you do not wish to receive further fund-raising materials from Northridge Hospital Foundation. All reasonable efforts will be made to ensure that your request is honored.