

# FREEDOM OF CHOICE

LEGACY CIRCLE NEWSLETTER

## NARAL Pro-Choice America's 2006 Annual Review

Last year will go down in electoral history as a time when Americans rejected divisive attacks on a woman's right to choose and reaffirmed their commitment to the values of freedom, privacy, and personal responsibility. In 2006, NARAL Pro-Choice America mobilized its network of 1,000,000-plus members and activists to change the tone of the debate regarding a woman's right to choose, win crucial pro-choice policy



After the Supreme Court decision on the Federal Abortion Ban, NARAL Pro-Choice America staff and volunteers rally outside of the Supreme Court.

victories, and restore pro-choice leadership in Congress. The following are excerpts taken from a report highlighting some of our many accomplishments for 2006.

**Defeating Anti-Choice Legislation** — In the waning days of the 109<sup>th</sup> Congress, anti-choice lawmakers, desperate for victories to bring home to their base before Election Day, bypassed standard legislative procedures and forced a vote in Congress on a controversial anti-choice bill that would have jeopardized young women's health and made criminals out of caring and trusted adults. For four days and four nights we built our case, enlisted influential members of the medical community, clergy, and the media, recruited bipartisan support, and focused our efforts on educating senators and their staff on the extreme consequences of the legislation, which had never been introduced or considered in the Senate before. As a result of our efforts, the Senate rejected the bill, denying

President Bush and anti-choice lawmakers a potentially key legislative victory days before a crucial election.

**Prevention First: Promoting Commonsense, Common-Ground Policies**

Significant policy victories were made at the federal, state, and local levels. Our *Prevention First* initiatives — including legislation to expand access to birth control, ensure that our young people receive medically accurate sex education, guarantee that pharmacies fill valid prescriptions for birth control, and require insurance companies to cover birth control — have reaffirmed our leadership as an innovative, forward-thinking organization. In 2006, nine states enacted *Prevention First* measures.

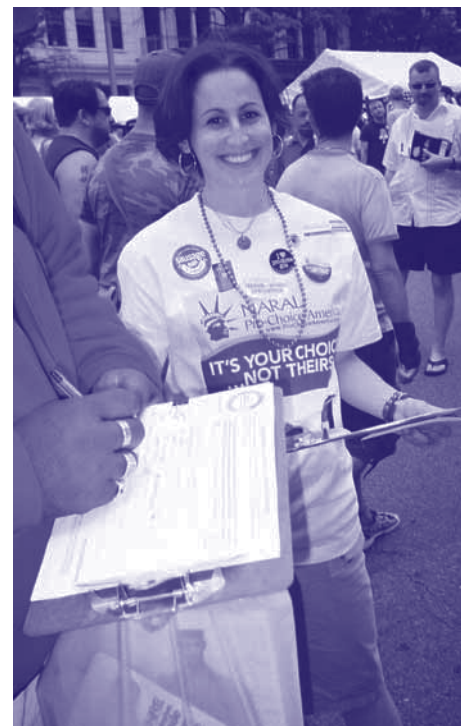
**Building Grassroots Capacity** — NARAL Pro-Choice America and its network of 24 state affiliates, Illinois Choice Action Team, and California chapter influ-

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“triggering event” occurs. After the trust “flips,” the beneficiary is entitled to the fixed percentage regardless of the actual income earned by the trust. To establish a flip unitrust:

- ☛ *The change from a net income to a straight unitrust must be triggered on a specific date or by a single event whose occurrence is not discretionary with, or within the control of, the trustee or any other person.*
- ☛ *The change must occur at the beginning of the taxable year that immediately follows the taxable year during which the triggering event occurs. For example, if the triggering event occurs on July 1, 2007, the conversion must occur on January 1, 2008.*
- ☛ *If the net income unitrust had a makeup provision, any unpaid makeup amount is lost once the trust converts.*

The rules that apply to flip unitrusts provide a great deal of flexibility regarding triggering events.



NARAL Pro-Choice America volunteer collects petition signatures at Capital Pride 2006.

You may not tie the triggering event to the sale of marketable assets because the timing of the sale is considered to be discretionary with the trustee.

**Using a DGA for Retirement**

Most people are concerned about having financial security when they're older, but want immediate tax deductions while they're at peak earning potential. With the **deferred gift annuity**, you get an immediate tax deduction, yet defer income.

For many, the deduction for contributing to an IRA is unavailable; plus, there are limits on the amount that can be placed in a retirement plan. If you're affected, a deferred gift annuity may enable you to ensure financial security during your retirement years, yet obtain a current tax deduction in years when your taxable income is likely to be higher. For the same money, the deferred annuity will produce a larger payout than a standard gift annuity, because (1) the interest has been compounding over the deferral period and (2) the payment period (based on life expectancy) is shorter.

The return you can receive and your tax deduction are both determined by your present age and the age you'll be when payments begin. For retirement purposes, you can fund a series of gift annuities over a period of years (rather than making a single large contribution). So the deferred gift annuity can work much like annual contributions to an IRA. There are, however, no limits on how much you can contribute to a nonprofit organization in return for a gift annuity in any given year.

A gift to **NARAL Pro-Choice America**, a 501(c)(4) organization, *is not* tax-deductible. Gifts to this entity allow us to develop and sustain a constituency that uses the political process to guarantee every woman the right to make personal decisions regarding the full range of reproductive choices, including preventing unintended pregnancy, bearing healthy children and choosing legal abortion. To determine how you can provide support to NARAL Pro-Choice America, see the contact information below.

A gift to **NARAL Pro-Choice America Foundation**, a 501(c)(3) organization, *is* tax-deductible. Gifts to this entity allow us to support and protect, as a fundamental right and value, a woman's freedom to make personal decisions regarding the full range of reproductive choices through education, training, organizing, legal action and public policy. To determine how you can provide support to NARAL Pro-Choice America Foundation, see the contact information below.

Please note that the information contained within this newsletter does not constitute legal advice and that we recommend that you seek your own attorney, financial advisor or financial planner when establishing a Will or a charitable gift to ensure that your income, gift and estate tax objectives are met.

If you would like additional information on making a charitable gift to NARAL Pro-Choice America using various assets, please contact:  
Steve I. Schneider, Esq.  
Planned Giving Advisor  
NARAL Pro-Choice America  
1156 15th Street, NW, Suite 700  
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Email: SSchneider@ProChoiceAmerica.org

## Using Charitable Gifts to Plan for Retirement

If you're like most people, you worry that you won't have enough to live on when you retire. While you currently earn enough to live comfortably, you worry that you won't be able to save sufficient assets to live as comfortably after you retire. For many, giving money to a favored nonprofit organization is also important, but the need to save for retirement may impede your philanthropic impulses. There are techniques, however, that will enable you to meet not only your retirement planning goals, but also your charitable objectives.

There are several charitable giving vehicles that can be used effectively for retirement planning, including:

- ☛ a deferred charitable gift annuity.
- ☛ a straight charitable remainder trust.
- ☛ a net income charitable remainder unitrust.
- ☛ a "flip" charitable remainder unitrust.

## An Overview of Charitable Options

**CHARITABLE GIFT ANNUITIES.** The *charitable gift annuity* is often favored by donors because of its simplicity. You transfer assets outright to a qualified nonprofit organization such as NARAL Pro-Choice America Foundation; in return, we agree to pay you and/or another beneficiary an annuity each year for life.

Payments can begin immediately or be deferred until some future date. The deferred charitable gift annuity offers significant retirement planning benefits. The annuity amount is usually based on a percentage of the value of the property transferred, the ages of the annuitant(s), and the time the annuity payments are to begin.

For tax purposes, the transaction is treated as part gift, part sale.

You'll recognize capital gain if you transfer appreciated property for the annuity. But if certain conditions are met, this gain will be recognized ratably over your life expectancy.

**CHARITABLE REMAINDER UNITRUSTS.** You transfer assets to a trustee. The trust terms provide for payments of at least five percent of the value of the trust assets (as revalued each year) to one or more beneficiaries for a term of up to 20 years or for

the lives of the beneficiaries. At the termination of the trust, the remaining assets pass to a qualified charity such as NARAL Pro-Choice America Foundation.

For income tax purposes, you're entitled to a deduction equal to the value of the charitable remainder interest in the year you fund the trust. You also avoid the capital gains you would have incurred had you sold the property.

There are essentially three types of charitable remainder unitrusts permitted under the tax laws: the straight unitrust, the net income unitrust, and the so-called "flip" unitrust (see accompanying articles).

With a straight unitrust, the income beneficiary is entitled to a fixed percentage (not less than five percent) of the trust assets as valued each year. This amount is paid *regardless* of the actual income earned by the unitrust each year.

With a net income unitrust, the beneficiary is entitled to receive either the trust's actual income or the fixed percentage — whichever is less. A net income unitrust may also include a "makeup provision" — if the trust income is less than the fixed percentage in a given year, the *difference* between the two can be distributed in later years if the trust's net income exceeds the fixed percentage.

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enced decision-makers and made tremendous strides to protect reproductive health. Some of the local projects our state affiliates have worked on include: ensuring that women across the state of North Carolina have access to emergency contraception with a focus on emergency care in the emergency room for rape survivors and emergency care in the pharmacy; diversifying the pro-choice base in Washington by reaching young women and establishing relationships with the state's Latino community; and bringing more Virginians into the movement to protect reproductive health services by focusing attention on the state's recent efforts to regulate contraception.

**Looking Ahead** — In the 34 years since the Supreme Court's landmark decision in *Roe v. Wade*, anti-choice politicians have sought to systematically dismantle a woman's right to choose. In some places around the country, it is more difficult now than before 1973 to access

safe, legal abortion care. And despite our sweeping victories in the House and Senate last November, anti-choice senators and representatives still dominate Congress numerically, and George W. Bush still has two more years to wield his veto pen and his power over federal agencies that directly impact the reproductive health and rights of millions of women. Plus, our anti-choice opponents at the state level have not let the results of one election cycle deter them in pursuing their relentless efforts to restrict reproductive freedom. Because of this, NARAL Pro-Choice America is increasing its national 1,000,000-plus member and activist network and promoting commonsense pro-choice policies at the state and federal levels.

To receive a complete in-depth report of NARAL Pro-Choice America's 2006 successes, please contact Steve I. Schneider, Esq., Planned Giving Advisor, at [SSchneider@ProChoiceAmerica.org](mailto:SSchneider@ProChoiceAmerica.org) or (202) 530-4160.

## Retirement Planning with Unitrusts

Each of the different unitrusts can be used as a retirement planning vehicle. You can use a **straight unitrust** at or after retirement age to convert low-basis, highly appreciated assets yielding little income to a higher-yielding investment. Because this unitrust is not subject to income taxes, the trustee can convert to higher income-producing assets or invest for total return without incurring gains taxes. You

may receive a higher income than if you had reinvested the proceeds from a taxable sale.

If you are in your peak earning years, looking towards retirement and a drop in your annual income, you could create a **net income unitrust with a makeup provision**.

The trust assets are invested for high growth and low income during pre-retirement years. You receive little or no income from the unitrust during these years. At your retire-

ment, the trustee can sell the appreciated assets and invest in higher income-producing assets. Then you begin to receive a greater income and, to the extent the income exceeds the fixed percentage, make up some or all of the amount from prior years.

## The "Flip" Trust is Worth Considering

The "flip" unitrust starts out as a net income unitrust and later converts to a straight unitrust after a