



Association of Former Intelligence Officers  
Serving the Intelligence Community



Association of Former Intelligence Officers, Inc.  
6723 Whittier Avenue, Suite 200  
McLean, VA 22101-4533

CHANGE SERVICE REQUESTED

## SECURING A LASTING LEGACY

*Through Bequests or other Testamentary Gifts  
You can shape the Future  
and Safety of the United States*

6723 Whittier Avenue, Suite 200 • McLean, VA 22101-4533  
703-790-0320 • Fax 703-991-1278 • Email: [afio@afio.com](mailto:afio@afio.com)

**ASSOCIATION of FORMER INTELLIGENCE OFFICERS**

6723 Whittier Avenue, Suite 200

McLean, VA 22101-4533

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Teri Rustmann & Lisa Ruth - Editors / *Weekly Intelligence Notes*

Gary Wass - Special Events / Corporate Support

**ASSOCIATION of FORMER INTELLIGENCE OFFICERS  
(AFIO)**

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McLean, VA 22101-4533

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Email: [bancroft@afio.com](mailto:bancroft@afio.com) [Executive Director]  
[afio@afio.com](mailto:afio@afio.com) [Administrative]

Website: [www.afio.com](http://www.afio.com)

The Association of Former Intelligence Officers (AFIO) is a non-profit, non-political, intelligence educational association incorporated in Virginia in 1975, and recognized under IRS code para 501(c)(3) as a tax-exempt organization. AFIO's Federal EIN is: **51-0208890**.

**PRINCIPLES** – AFIO members subscribe to the values of patriotism, excellence, dedication and loyalty represented by the Intelligence Community of the United States engaged in the advancement and defense of the vital interests and security of the country, its citizens, and its allies.

**OBJECTIVES** – AFIO's principal objectives are to foster understanding, by intellectual, political and business community leaders and the general public, of the role and importance of intelligence for national security, and the continuing need of a strong and responsible national intelligence and counterintelligence community to deal with the threats and issues of the contemporary world environment and the dynamic Information Age.

**MEMBERSHIP** – Current and Former U.S. intelligence, counterintelligence, military, law enforcement and related (e.g., security) personnel (any rank or level) are eligible for membership. Associate membership is open to U.S. citizens, in or out of government service, who support AFIO principles and objectives.

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### CONFIDENTIAL REPLY

Please send me an illustration of how I and/or my heirs might benefit from the following gift(s):

- Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Bequests
- Gifts of Real Estate
- Gifts of Life Insurance
- Gifts of Tangible Property
- Gifts of Retirement Plan

Assets  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Telephone \_\_\_\_\_  
 Email \_\_\_\_\_

Type of Asset(s) \_\_\_\_\_  
 Approximate Value \_\_\_\_\_  
 Estimated Original Cost \_\_\_\_\_  
 Gift to Benefit \_\_\_\_\_  
*(name of AFIO Program)*

**First Beneficiary:**  
 Name \_\_\_\_\_  
 Date of Birth \_\_\_\_\_

**Second Beneficiary (if applicable):**  
 Name \_\_\_\_\_  
 Date of Birth \_\_\_\_\_

- I have named AFIO in my will, revocable trust or other estate plan.
- I have named AFIO as beneficiary of my retirement plan.

Albano F. Ponte  
 Director, AFIO National Planned Giving Program  
 Association of Former Intelligence Officers, Inc.  
 P.O. Box 365  
 Belmont, MA 02478 USA  
 (617) 320-0022  
 FAX: (617) 489-3273  
 Email: [afponte@msn.com](mailto:afponte@msn.com)

### CODICIL

• **If Unrestricted Bequest, complete this portion**

“I give \_\_\_\_\_ of the residue  
*(fill in \$ amount or percent)*  
 of my estate to the Association of Former Intelligence Officers,  
 Inc., 6723 Whittier Avenue, Suite 200, McLean, VA 22101-4533,  
 a Virginia non-profit, non-political educational association of in-  
 telligence professionals, for the benefit of  
 the \_\_\_\_\_  
 \_\_\_\_\_.”  
*(name of specific fund or program)*

• **If Bequest to Establish an Endowment, complete this portion**

“I give \_\_\_\_\_ of the residue  
*(fill in \$ amount or percent)*  
 of my estate to the Association of Former Intelligence Officers,  
 Inc., 6723 Whittier Avenue, Suite 200, McLean, VA 22101-4533,  
 a Virginia non-profit, non-political educational association of in-  
 telligence professionals, for the benefit of  
 the \_\_\_\_\_  
 \_\_\_\_\_,  
*(name of specific fund or program)*

the income only to be used for the following purpose: \_\_\_\_\_  
 \_\_\_\_\_  
*(state the purpose)*

If, in the future, it is the opinion of the Association of Former In-  
 telligence Officers, Inc., that all or part of the income of this fund  
 cannot be usefully applied to such purpose, the Association of  
 Former Intelligence Officers, Inc., may use the same for any pur-  
 pose that will most nearly accomplish my wishes.”

**X** \_\_\_\_\_  
 \_\_\_\_\_  
 Person(s) Executing This Power Sign(s) Here

Dated \_\_\_\_\_

worksheet / notes



worksheet / notes



*From the desk of ...  
S. Eugene Poteat*

Dear Colleague...

Dedicated AFIO supporters often mention to me how much more they would like to do for the Association, to see it grow and meet future demands in this increasingly high-tech world, yet they hold back out of concern over dipping into crucial retirement funds and other investments. All of us deal with these issues as we try to give firm footing to groups we've supported for many years, without losing our own economic balance.

Fortunately, there are many ways to have our cake and eat it. We can retain all the funds we need, yet also lock-in the framework of stability for causes, like AFIO, we cherish and recognize as crucial for the country in coming years, so that they can grow to meet the complicated challenges ahead, long after we're gone.

One of the easiest ways to accomplish this is through an addendum to our wills...a paragraph or two, signed and notarized, leaving a specific amount to AFIO, in our memory or in the name of others who we want remembered in perpetuity.

Perhaps to endow an intelligence scholarship in our names, or a plaque in the AFIO library, or the funding of a program or publication to reach intelligence scholars, to correct media slant, or educate future professionals. Once we realize how easy it is to leave a mark, the ideas flow... many other suggestions appear in this booklet.

A second method is the creation of what is termed "charitable remainder trusts" or "charitable remainder annuities" – long names for some simple and elegant solutions to both "give" and "keep" at the same time.

Here, the balance of the trust goes to AFIO after providing incomes to us and our heirs for our lifetimes. This second method – which can be funded by appreciated stocks, bonds, an unneeded high-upkeep personal residence, no-growth commercial property, beautiful but no longer looked-at works of art, or unneeded life insurance – provides immediate personal benefits, too. No need any longer to watch the market closely, AFIO's professional investment managers will do that. Convert low- or non-income earning property [subject to high taxes if we sold them] into a gift and provide yourself with an attractive, larger income for life

[appreciated stocks or a house or common items donated]. Receive an immediate income tax deduction and avoid those heavy capital gains taxes by donating this way, maximizing what you get back as income during the trust period.

For many individuals, gifts to AFIO poured into a charitable trust provide an almost hard-to-believe attractive way to convert low-yield possessions into solid, income-generating investments for day-to-day expenses, while having the satisfaction that you will be underwriting and advancing the important work of the Association.

Several interesting gifts-and-investment combinations are presented in this new AFIO brochure, from current gifts of cash and other types of property to bequests and charitable trusts. All of them have been reviewed by our experts, but I urge all AFIO colleagues to read the options carefully and circle those plans which sound like they will work for you, just as I have done...and then discuss the finer points with personal advisors.

We will be happy to provide specific examples and calculations of how any of these plans might operate using your own numbers. Contact the Director of AFIO's Planned Giving Program – Mr. Al Ponte – at 617-320-0022, or by email at [afponte@msn.com](mailto:afponte@msn.com) or by fax at 617-489-3273 for program specifics and ways to implement these ideas quickly. Other questions can always be directed to us a AFIO National at 703-790-0320 or email us at [afio@afio.com](mailto:afio@afio.com).

Let's not permit those who advance the idea that Intelligence and Security concerns are political relics of the 20<sup>th</sup> Century prevail and weaken our defense of the greatness of America nor its future.

Sincerely,



S. Eugene Poteat, President

P.S. Some AFIO colleagues tell me they are so busy that anything involving three people or three steps is too many. If you wish to keep it simple, an outright Bequest to AFIO can be done in a few minutes. Sample forms with our full legal data are enclosed and can be signed and stapled to your existing testamentary documents.

## CONFIDENTIAL REPLY

Please send me an illustration of how I and/or my heirs might benefit from the following gift(s):

- |                                                      |                                                     |
|------------------------------------------------------|-----------------------------------------------------|
| <input type="checkbox"/> Gift Annuities              | <input type="checkbox"/> Gifts of Real Estate       |
| <input type="checkbox"/> Charitable Remainder Trusts | <input type="checkbox"/> Gifts of Life Insurance    |
| <input type="checkbox"/> Charitable Lead Trusts      | <input type="checkbox"/> Gifts of Tangible Property |
| <input type="checkbox"/> Bequests                    | <input type="checkbox"/> Gifts of Retirement Plan   |

Assets

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_

Email \_\_\_\_\_

Type of Asset(s) \_\_\_\_\_

Approximate Value \_\_\_\_\_

Estimated Original Cost \_\_\_\_\_

Gift to Benefit \_\_\_\_\_

*(name of AFIO Program)*

### First Beneficiary:

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

### Second Beneficiary (if applicable):

Name \_\_\_\_\_

Date of Birth \_\_\_\_\_

I have named AFIO in my will, revocable trust or other estate plan.

I have named AFIO as beneficiary of my retirement plan.

Albano F. Ponte

Director, AFIO National Planned Giving Program

Association of Former Intelligence Officers, Inc.

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(617) 320-0022

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**AFIO Forms**

- Confidential Reply Forms
- Codicil
- Extra forms at front and back of booklet

**CODICIL**

**• If Unrestricted Bequest, complete this portion**

“I give \_\_\_\_\_ of the residue  
*(fill in \$ amount or percent)*  
of my estate to the Association of Former Intelligence Officers,  
Inc., 6723 Whittier Avenue, Suite 200, McLean, VA 22101-4533,  
a Virginia non-profit, non-political educational association of in-  
telligence professionals, for the benefit of  
the \_\_\_\_\_.”  
\_\_\_\_\_”  
*(name of specific fund or program)*

**• If Bequest to Establish an Endowment, complete this portion**

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*(fill in \$ amount or percent)*  
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Inc., 6723 Whittier Avenue, Suite 200, McLean, VA 22101-4533,  
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the \_\_\_\_\_  
\_\_\_\_\_,”  
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the income only to be used for the following purpose: \_\_\_\_\_  
\_\_\_\_\_”  
*(state the purpose)*

If, in the future, it is the opinion of the Association of Former In-  
telligence Officers, Inc., that all or part of the income of this fund  
cannot be usefully applied to such purpose, the Association of  
Former Intelligence Officers, Inc., may use the same for any pur-  
pose that will most nearly accomplish my wishes.”

**X** \_\_\_\_\_

Person(s) Executing This Power Sign(s) Here

Dated \_\_\_\_\_

## **AFIO Program List**

*(continued)*

### **THE ACADEMIC EDUCATION PROGRAM**

Conducts intelligence workshops, and promotes academic support by interacting with professors throughout the country who teach intelligence and related courses.

Maintains an intelligence literature bibliography resource used by the professors, and provides video presentations of selected speakers for class use.

### **THE HAROLD P. RANSBURG MEMORIAL FOUNDATION AGENDA**

Provides educational awards to exceptional students at high schools and colleges.

### **CORPORATE PROGRAM**

Arrangements for area expertise support, networking threat awareness and counter intelligence programs and placement support for corporations and professional organizations.

### **MEMBER SUPPORT**

AFIO supports its members with opportunities to participate in AFIO conferences and meetings; networking and social/collegial interaction; the publication of their professional writings, organizational efforts furthering AFIO objectives; AFIO Chapter activities nationwide; member placement support; and awards recognition and contributing to a worthy cause.

## ***AFIO Establishes a Planned Giving Program***

AFIO announces a Planned Giving Program providing members and donors an opportunity to make a tangible, enduring contribution to support special programs that will have a direct impact on AFIO's future ability to maintain, lead and excel in its education mission. The Planned Giving Program is a form of stewardship for AFIO and is organized to hold gifts, such as bequests, for use in support of a variety of special programs of particular interest to its members and donors.

### ***Working Together in Planning for a Better Tomorrow***

Contributions to AFIO's Planned Giving Program will help AFIO not only maintain its credibility in pursuing its mission, but increase its effectiveness in promoting public understanding and building a public leadership constituency supporting a strong, vital and healthy U.S. Intelligence Community...for national security as well as world peace and progress. Supporters of AFIO can feel confident that money gifted to AFIO will be responsibly used, and make a significant difference in public understanding and support for the national intelligence community.

### ***Perpetuating Tradition through Bequests***

AFIO members and donors can offer planned gifts via bequests to support permanent endowment funds for specific causes. A bequest may be large or small, restricted or unrestricted. Bequests may be designated at one's discretion to memorialize someone important to the donor, to the Association, or to endow a family fund, or for a particular program. All are feasible and welcomed.

### ***Formation of a Recognition Society***

Donors who have planned a bequest will be recognized in a special AFIO Recognition Society, with special honors to be specified. AFIO will keep its members and donors advised on the society and its members. Members are also permitted to make anonymous gifts.

## ***BEQUESTS AND DEFERRED GIVING***

**B**equests and planned gifts will become a vital source of future income for AFIO. Supporters can feel confident that money invested in AFIO will be well used to make a critical difference in the world. A testamentary gift may well be the most realistic way for many donors to make a significant contribution to AFIO.

### **Tax Benefits**

A bequest is deductible for federal estate tax purposes, and there is no limit on the amount of the estate tax charitable deduction. In addition, bequests generally are not subject to state inheritance or estate taxes. In a large estate, the savings can be more than half the value of the bequest to AFIO.

### **Other Benefits**

Bequests are flexible and can be tailored to suit the benefactor's wishes. You may leave a gift to:

- an Academic Education fund (unrestricted), or to a field-of-interest fund
- a fund in your family's name
- an endowment fund for AFIO

The fund bears the donor's name forever. You may leave a gift as:

- a specific bequest
- a bequest of the residue of your estate, or part of the residue of your estate
- a bequest subject to the lifetime interest of another

It lasts forever. The bequest is pooled with other capital funds for investment and will never be granted out. Only the interest is granted out. The annual earnings go back to AFIO. Each year these benefits enhance the mission of AFIO

### **How to Make a Bequest**

A bequest to AFIO can be made by creating a new Will, adding a codicil to your present Will, or including AFIO in your revocable trust.

### **Examples of Bequest Language**

The corporate name of AFIO is the "Association of Former Intelligence Officers, Inc.," The following examples can be tailored to best suit your interests.

## **AFIO Program List**

*(continued)*

### **PUBLICATIONS PROGRAM**

- **WEEKLY INTELLIGENCE NOTES (WINs)**  
*Carefully selected weekly summaries and highlights of current intelligence reports, news accounts, and important commentaries*
- **AFIO ELECTRONIC BULLETIN BOARD NOTICES**  
*Second part of the Weekly Newsletter for members with all the upcoming Intelligence Community Associations programs*
- **INTELLIGENCER**  
*Quarterly journal with first-hand intelligence articles by current and former officers, as well as literature reviews and articles by scholars and public officials*
- **THE INTELLIGENCE PROFESSION SERIES**  
*Organizational information, WIN back issues, book reviews and announcements*
- **AFIO INTERNET - Public and "Members-Only" Sections**  
*Late-breaking news, special events, other announcements. So important, that just typing the word "AFIO" in Google brings searchers to our page.*

### **INTELLIGENCE MONOGRAPH SERIES**

Monographs on intelligence missions, organizations, history and issues

### **CONFERENCES**

National Conferences and Symposia; AFIO National speaker luncheons (Washington, D.C. area); and AFIO Chapter meetings and conferences throughout the U.S. Also numerous joint or special events at CIA, FBI, NRO, DOD, or other federal agencies.

### **MEDIA SUPPORT**

Participation or assistance to journalists working on TV, radio and print news media discussions and interviews; Rapid Response provisions of AFIO positions on breaking issues to key media commentators

## **AFIO Program List**

### **ORAL/VIDEO HISTORY TAPES OF INTELLIGENCE VETERANS**

Creation of "I Was There" sets of tapes

### **"HEROES OF INTELLIGENCE" VIDEO SERIES**

Creation of the video series

### **ACADEMIC EDUCATION PROGRAM**

Funding for tuition scholarships for students

Awards for authors and researchers

### **AFIO SPEAKER'S PROGRAM**

A database of members volunteering to speak across the country for:

- universities
- high schools
- chapter meetings
- civic associations
- conferences

### **COMMUNITY OUTREACH PROGRAM**

The AFIO Speakers Bureau responds to requests for speakers from community associations, schools and special events planners

### **VOLUNTEER PROGRAMS**

### **CAREER OPPORTUNITIES – RÉSUMÉ PROGRAM**

#### • *Unrestricted Bequest*

"I give (\_\_\_\_\_dollars/\_\_\_\_\_percent or all of the residue of my estate) to the Association of Former Intelligence Officers, Inc., a Virginia non-profit, non-political educational association of intelligence professionals, for the benefit of the (name of specific fund or program)."

#### • *Bequest to Establish an Endowment*

"I give (\_\_\_\_\_dollars/\_\_\_\_\_percent or all of the residue of my estate) to the Association of Former Intelligence Officers, Inc., a Virginia non-profit, non-political educational association of intelligence professionals, for the benefit of the (name of specific fund or program), the income only to be used for the following purpose: (state purpose). If, in the future, it is the opinion of the Association of Former Intelligence Officers, Inc., that all or part of the income of this fund cannot be usefully applied to such purpose, the Association For Intelligence Officers may use the same for any purpose that will most nearly accomplish my wishes."

## **TYPES OF BEQUESTS**

### **Cash Gifts**

AFIO receives a specific dollar amount.

The majority of gifts to AFIO come in the form of cash. Such gifts entitle you to a federal income tax charitable deduction, if you itemize your return. You can deduct the amount of your gift up to 50% of your adjusted gross income. Any large or unusual deduction can be taken in up to five succeeding years. AFIO's Federal EIN is **51-0208890**

### **Matching Gifts**

Many companies will match donations made by their employees, directors, employees' spouses and retirees. Please check with your company to learn if this additional benefit to AFIO is available.

Please make your check payable to the "Association For Intelligence Officers" or "AFIO" and mail it to the:

AFIO Planned Giving Program  
Association of Former Intelligence Officers, Inc.  
6723 Whittier Avenue, Suite 200  
McLean, VA 22101-4533

Please indicate which AFIO Program you would like to benefit with your gift.

## **Tangible Property**

AFIO receives specific assets, such as securities, an interest in real estate (such as residence) or tangible property (e.g., works of art, antiques).

In planning your estate, it is important to remember that property such as works of art, antiques, stamp and coin collections, jewelry, etc. may be subject to estate taxes. Should you wish to donate this type of property during your lifetime, you may reduce your taxable estate as well as receive an income tax deduction in the year of your gift.

For a gift of tangible property related to AFIO's tax-exempt educational function, you may take an income tax deduction for the full fair market value of the property as determined by appraisal. A gift for unrelated use will provide you with a deduction equal to the cost basis of the property. See your tax consultant for authoritative details.

## **Gifts to an AFIO-Managed Trust**

Another advantageous gift arrangement is to transfer the property to an AFIO managed unitrust. AFIO then would sell the property and reinvest the proceeds to pay you and/or another beneficiary income for life or for a term of years. The benefits are many:

- conversion of non-income producing property into an income producing gift with no capital gain tax
- portfolio diversification and professional management through AFIO at no cost
- removal of the property from your estate
- ability to designate the use of the future gift proceeds at AFIO

Generally, there is no income tax deduction available.

## **Endowment Funds**

Many donors to AFIO may wish to set up endowment funds which will benefit AFIO in perpetuity. The income only from such a fund is used to support the purpose designated by the donor. Often, donors may wish to establish named funds to honor a family name or to memorialize a relative or friend. There are a variety of proposed types of endowment funds, a sampling of which is listed below.

Fellowship Fund  
Financial Aid Fund  
Lectures Fund  
Museum Fund  
Professional Fund  
Publications Fund  
Research Fund  
Scholarship Fund  
Speakers Bureau Fund

Should you wish to create a named endowment fund, please contact the AFIO Planned Giving Program. AFIO would be pleased to assist you in drawing up terms that will suit your objectives and be acceptable to the mission of the Association.

It is possible to structure an annuity trust to pay the income beneficiary(ies) tax-exempt income. Such a trust can be funded with cash or with tax-exempt bonds. Additions may not be made to an annuity trust; however, multiple trusts can be set up.

**Example – Annuity Trust**

Charitable remainder annuity trust established with appreciated stock value at \$100,000; stock had been bought for \$25,000 several years before. Fixed annual payout rate is 6% of the value of the initial trust assets, or \$6,000. Payments are to be made to the 75-year-old donor for life.

Original Trust Principal \$100,000.....	\$100,000
Immediate Income Tax Deduction.....	\$ 59,000
Income Tax Savings (36% rate).....	\$ 21,200
Capital Gain Tax Savings (20% rate).....	\$ 15,000
 Fixed Annual Payment to Beneficiary.....	 \$ 6,000

**Charitable QTIP Trust**

A QTIP trust is another type of irrevocable trust through which you can make a significant gift to AFIO, provide a lifetime income to your spouse, and avoid federal estate and gift taxes on the trust principal. A key advantage of the QTIP trust is that your spouse can have access to the trust principal as well as the income, should unexpected family needs arise. AFIO does not serve as trustee of QTIP trusts.

**Life Insurance**

There are a variety of ways to use life insurance for a substantial gift to AFIO. As an example, you can:

- Donate a paid-up policy originally purchased to satisfy a need, which no longer exists. Typically, you would irrevocably designate AFIO as the beneficiary and owner of the policy.\* You would be entitled to an income tax charitable deduction equal to the “replacement” value or cost basis, whichever is less.
- Give a policy that is not fully paid up and take a deduction for the “present value” of the policy (approximately the cash surrender value or cost basis, whichever is less). If you then continue to make premium payments, they are tax deductible for income tax purposes.
- Take out a new policy naming AFIO as the beneficiary and owner. Your premium payments would be tax deductible.
- Establish a charitable remainder unitrust with a life insurance policy (against which the insured has not borrowed). The trust will provide a future lifetime income for your surviving spouse or other beneficiary.
- Use life insurance as a “replacement” asset. You donate property to AFIO and replace the dollar value of the asset with life insurance for your heirs. The income tax savings from your gift may be sufficient to pay for the insurance. Through this arrangement, you may be able to replace a nonliquid asset (such as a residence) that would be subject to estate taxes with a highly liquid asset (the insurance policy) that can pass tax-free to your heirs.

\* In some cases, state laws may prevent AFIO from being named as both owner and beneficiary; you should check with your advisor.

**Annuities**

A charitable gift annuity is a simple agreement between you and AFIO. In exchange for our irrevocable gift, AFIO will pay you an annual fixed income (in quarterly installments) for your life.

You actually may increase your income with a gift annuity and your income payments are guaranteed and backed by the assets of a large investment (insurance) company. Part of your income may be tax-free, increasing the overall return to you. You may, if you wish, name a second beneficiary to receive payments. Annuities are administered by AFIO at no cost to you.

In general terms, a charitable annuity is part gift and part investment. When you make a contribution to establish an annuity, you are entitled to an immediate federal income tax charitable deduction for the gift portion of the annuity. Your deduction is based on the size of your contribution, the annuity payment rate and the age(s) of the income beneficiary(ies). You may designate the eventual purpose of your gift to AFIO.

Typically, a gift annuity is established with a contribution of cash or securities. Real estate or tangible property may be used in some instances. The minimum contribution required to establish an annuity is \$10,000. Income beneficiaries must be at least 40 years old.

Sample annuity payment rates and approximate income tax deductions for a \$10,000 minimum immediate payment gift annuity are:

*One-Life Gift Annuity*

Age	Annuity Payment Rate	Charitable Deduction
50	5.6%	\$3,400
60	5.9%	\$4,000
70	6.7%	\$4,600
80	9.0%	\$5,000

*Two-Life Gift Annuity (same ages)*

Age	Annuity Payment Rate	Charitable Deduction
50	5.2%	\$3,100
60	5.7%	\$3,200
70	6.1%	\$4,000
80	7.8%	\$4,300

AFIO-managed remainder trust can be established with an irrevocable gift valued at \$100,000 or more. A variety of assets can be donated to a trust – cash, publicly traded stocks and bonds, closely held stock, real estate and, in some instances, tangible personal property such as rare books or manuscripts, or works of art or objects of intelligence history.

There are two basic kinds of charitable remainder trusts – the charitable remainder unitrust and the charitable remainder annuity trust.

**Charitable Remainder Unitrust**

The unitrust pays the income beneficiary(ies) a variable income, based on a fixed percentage of the trust assets as revalued once each year. Typically, the fixed percentage is between 5-7%. One of the advantages of the unitrust is that your income from the trust can increase as the trust principal grows over time. You may make additional contributions to a unitrust at any time.

**Example – Unitrusts**

Charitable remainder unitrust established with appreciated stock valued at \$100,000; stock had been bought for \$10,000 several years before. Annual payout rate is 5%; payments are to be made to the 65-year old donor for life. It is assumed that the trust earns a 10% total return on average.

Original Trust Principal \$100,000.....	\$100,000
Immediate Income Tax Deduction.....	\$ 48,600
Income Tax Savings (36% rate).....	\$ 17,500
Capital Gain Tax Savings (20% rate).....	\$ 18,000
First Year Payout to Beneficiary.....	\$ 5,000
Anticipated Payout to Beneficiary	
After Five Years.....	\$ 6,100

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**Charitable Remainder Annuity Trust**

The annuity trust pays the income beneficiary(ies) a fixed annual income determined at the outset. The annuity trust may be advantageous if you are more interested in the security of a constant return than in the long-term growth potential of the unitrust.

It is possible to structure an annuity trust to pay the income beneficiary(ies) tax-exempt income. Such a trust can be funded with cash or with tax-exempt bonds. Additions may not be made to an annuity trust; however, multiple trusts can be set up.

**Example**

Charitable lead annuity trust established with property valued at \$500,000 for a 20-year term, assuming a 7% payout to AFIO and 10% total return earned by the trust.

Gift Tax Deduction .....	\$ 395,000
Gift Tax Due* .....	\$0

Benefit to Heirs.....	\$1,245,100
Benefit to AFIO.....	\$ 700,000

**Grantor Lead Trust**

At the end of the term of a grantor lead trust, the trust assets revert back to you, rather than being passed on to your heirs. Under the grantor lead trust, you receive an income tax deduction for the present value of the annual trust payments to AFIO. The grantor lead trust may be appropriate if you wish to accelerate future deductions into the current year.

\* It is assumed that the donor has sufficient unified transfer tax credit to cover the taxable portion funding the trust.

**Charitable Remainder Trusts**

Charitable remainder trusts are gift arrangements that enable you to contribute to AFIO while providing an income for yourself and /or another beneficiary for life or a term of years. This individually managed trust can be tailored to suit your objectives – you may build a retirement account, generate a higher income from assets you currently own, or provide for your spouse, family members or other beneficiaries. The charitable remainder trust offers a number of attractive benefits:

- annual income for yourself and/or other beneficiaries
- immediate federal income tax charitable deduction
- elimination of capital gain taxes on the transfer of appreciated property
- professional management and investment diversification through AFIO at no cost
- estate tax savings
- ability to designate the future use of the gift proceeds at AFIO

As an alternative plan, AFIO can offer “stepped” gift annuities. Under this arrangement, our income payments starts out lower than with an immediate payment gift annuity; the payment then increases each year for several years according to a schedule determined when the gift is funded. Thus, the stepped gift annuity provides a secure, growing income. The minimum contribution required to establish a stepped gift annuity is \$50,000.

**Deferred Payment Gift Annuity:  
An Attractive Supplement to Your Retirement Income**

A deferred payment gift annuity is similar to an immediate payment annuity, except that your income payments do not begin until a specified date in the future which you choose. Due to the deferral of payments, you receive higher income payments as well as higher immediate income tax deduction.

The deferred payment annuity can be used as a source of guaranteed retirement income. If you have reached the limit of allowable contributions to your IRA account, Keogh Plan, or other qualified pension plans, the deferred annuity can be an attractive tax deductible option.

**Example**

Deferred payment gift annuity established with a gift of \$10,000 in cash. The income beneficiary is 60 years old; payments are to begin at age 65.

Fixed Annual Annuity Payment Beginning	
At age 65.....	(7.5%) \$ 750
Income Tax Deduction.....	\$4,500

## **Real Estate**

A gift of real estate can be an attractive way to make a substantial donation to AFIO and to realize important tax and income benefits at the same time. You may be able to reduce significantly the amount of income, capital gain and estate taxes you otherwise would have to pay. You also may be able to earn an income from your gift. Finally, the disposal of your property can relieve you of management worries.

There are many types of real estate which can be suitable for a gift to AFIO. They include a personal residence, vacation home, farm or ranch, commercial property, building lot, agriculture land, and undeveloped or unimproved land.

### *Methods of Giving*

1. *Outright Gift.* You deed the property to AFIO. AFIO then would sell it, unless there was a special reason for holding the property. You would benefit from an income tax charitable deduction for the appraised full fair market value of the donated real estate. (Any unused deduction can be utilized in up to five succeeding years.)
2. *Gift of Partial Interest.* You deed to AFIO an “undivided fractional interest” in your property, if you are not prepared to dispose of the entire property. The appraised value of the fractional interest is deductible for income tax purposes. Such a gift can be especially useful in providing a deduction to offset a capital gain generated by the subsequent sale of the entire property. Upon the sale, you and AFIO share proportionately in the proceeds.
3. *Gift with Retained Life Tenancy.* You can deed your home, vacation home or farm to AFIO, and retain the right to use the property for your lifetime (and your spouse’s). You receive an immediate income tax charitable deduction for the interest deeded to AFIO.
4. *Life Income Trust.* You can transfer your property to an AFIO-managed trust designed to pay you and/or another beneficiary an income stream for life. AFIO would sell the property and reinvest the proceeds in accordance with your objectives. You receive an immediate income tax charitable deduction for a portion of the appraised value of the property. In addition, AFIO can sell your property with no capital gain tax liability. Moreover, you receive investment diversification and professional management through AFIO at no cost.

## **Charitable Lead Trusts**

The charitable lead trust allows you to make a future transfer of assets to your heirs at a reduced gift and estate tax cost, while continuing to support AFIO during your lifetime. During a specified number of years, an annuity or a fixed percentage of the trust assets is paid to AFIO. At the end of the trust term, the assets are passed to the beneficiaries you name.

The short- and long-term benefits for your estate can be significant. First, you can receive a charitable gift tax deduction for the present value of the annual trust payments to AFIO. This deduction can be used to reduce your gift and estate tax liability on substantial transfers to children or grandchildren.\*

Although you will not have any income tax deduction, a second advantage is that the income earned by the trust is excluded from your gross income and is, therefore, not taxable to you. In effect, this produces a reduction of your taxes over the trust term.

A third attractive aspect of the lead trust is that any appreciation in the assets during the term of the trust is not subject to additional gift or estate taxation. As a result, you may be able to pass on to your heirs a larger estate after taxes than would otherwise be possible.

The assets of the trust can be invested and managed by AFIO (at no charge) or by another trustee of your choice.

A charitable lead trust can be established with publicly traded securities, closely held stock, income-producing real estate, partnership interests or a combination of the above. A lead trust can be established during your lifetime, as a testamentary trust under your will, or through a pour over from your estate to a “dry” trust established during your lifetime. (Typically, a lead trust is appropriate for high net worth individuals who wish to fund the trust with assets valued at \$500,000 or more.)

\* You should check with your estate planner or tax advisor regarding the generation skipping transfer tax aspects of a trust established for the benefit of grandchildren.

## Irrevocable Stock or Bond Power

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to \_\_\_\_\_

### If stocks, complete this portion

\_\_\_\_\_ shares of the \_\_\_\_\_

stock of \_\_\_\_\_

represented by certificate(s) No(s). \_\_\_\_\_

inclusive, standing in the name of the undersigned on the books of said Company.

### If bonds, complete this portion

\_\_\_\_\_ bonds of the \_\_\_\_\_

in the principal amount of \$ \_\_\_\_\_

No(s). \_\_\_\_\_

inclusive, standing in the name of the undersigned on the books of said Company.

The undersigned does (do) hereby irrevocably constitute and appoint

\_\_\_\_\_ attorney to transfer the said stock or bond(s), as the case may be, on the books of said Company, with full power of substitution in the premises.

### Important:

The signature(s) to this power must correspond with the name(s) written upon the face of the certificate(s) or bond(s) in every particular without alteration.

**X** \_\_\_\_\_

(Person(s) Executing This Power Sign(s) Here)

Dated \_\_\_\_\_

5. *Charitable Life Trust.* You may place income-producing real estate into a charitable lead trust to benefit AFIO, and ultimately your heirs. During the trust term, an income stream would flow to AFIO. At the termination of the trust, the property would pass to your heirs. Such an arrangement can be effectively utilized to transfer property to your heirs at a reduced gift and estate tax cost, particularly if you expect the property value to increase substantially over time. (Typically, this arrangement is appropriate for high net worth individuals with investment real estate worth \$500,000 or more.)

6. *Bequests.* You make a testamentary gift of real estate under your will or revocable trust, using many of the methods illustrated above.

### Additional Considerations

Gifts of real estate require a written appraisal and IRS Form 8283 to substantiate your charitable income tax deduction. For your protection, you should not enter into any type of binding agreement to sell the real estate before deeding the property to AFIO. Mortgaged property requires special planning. In many cases, a gift of a fractional interest in the property can avoid any adverse consequences.

### Stocks and Bonds

Making a gift of securities is both simple and tax-effective.

### *Tax Advantages*

You are entitled to a federal income tax charitable deduction, if you itemize your deductions. For appreciated securities held longer than one year, you can deduct the full fair market value. You can use your deductions up to 30% of your adjusted gross income. Any unused deduction can be taken in up to five succeeding years. With a gift of appreciated securities, you pay no tax on the capital gain.

### *How To Make A Gift Of Securities*

1. *If you hold the securities:*

A. Delivery will be made to:

AFIO National Planned Giving Program  
Association of Former Intelligence Officers, Inc.  
6723 Whittier Avenue, Suite 200  
McLean, VA 22101-4533

Instructions on endorsement will vary with the type of gift and will be provided at time of giving.

- B. In a *separate* envelope, mail or deliver to the same address a stock or bond power for each security, left blank except for your signature. You may use the stock/bond power (see *Irrevocable Stock or Bond Power* provided on page 18), or obtain blank powers from the AFIO Planned Giving Program, your bank, or your broker. Be sure to sign the power exactly as your name appears on the certificate or bond. Your signature need not be guaranteed. Please enclose a copy of your letter stating the purpose of your gift.

Under the method of transfer, the date of gift is the later of the two postmarks. The date of gift for hand-delivered certificates and powers is the date of delivery.

AFIO can arrange for a stock certificate or bond to be split should you wish to give fewer shares of bonds than the security represents. Please indicate in your covering letter your social security number and the number of shares (or dollar amount of bonds) you wish to donate. In this instance, your signature on the stock/bond power must be guaranteed.

*2. If your bank or broker holds your securities:*

Ask your banker or broker to call the AFIO Planned Giving Program Director [Mr. Ponte] at (617) 320-0022 for transfer instruction. Please send a letter to the AFIO Planned Giving Program stating the purpose of your gift. Given the time delay and additional expenses involved, you should not send securities to a transfer agent for transfer into AFIO's name.

***Valuation of Your Gift***

AFIO will value your publicly-traded securities as of the day the securities pass from your control. The valuation will be based on the mean market value of the securities on the gift date.

***Depreciated Securities***

If you hold securities that have declined in value, it generally is advisable to sell the securities to establish a tax loss and then donate the proceeds to AFIO.

***Gifts of Closely Held Stock***

You can donate stock in a closely held corporation to AFIO and receive substantial tax benefits. Here are a number of strategies you can use to structure the gift according to your circumstances. To explore the various alternatives, please contact AFIO Planned Giving Program.

***Gifts of Securities to Life Income Plans***

You may donate securities to an AFIO-managed income fund, trust or annuity which will provide you and/or another beneficiary with a lifetime income stream, after which the proceeds are distributed to AFIO. With a gift of appreciated securities, you can avoid capital gain tax. Moreover, you are entitled to an immediate income tax-deduction. The result can be a substantial increase in your spendable income. To learn more about these options, please contact the AFIO Planned Giving Program.