



A Guide to Gift Planning

GIFT PLANNING AND PUNAHOU





Carrie E. Ogami, J.D.
Director of Gift Planning
808.944.5845

giftplanning@punahou.edu
www.punahou.edu/giftplanning

If you already have Punahou in your estate plan, please let us know so we may thank you. Because educational activities and priorities can change over time, unrestricted gifts provide the most flexibility, allowing funds to be directed where they are needed most. If you are considering a bequest for a restricted purpose, we would be happy to meet with you and/or your legal advisor to discuss your plans, thus ensuring Punahou will be able to fulfill your intentions.

From Generation to Generation

Aloha,

From generation to generation, a long tradition of giving has supported Punahou School through remarkable change and progress. Since Punahou's founding in 1841, private philanthropy has afforded its students the opportunities to reach their highest potential, and to cultivate their individual interests and talents. Our students are encouraged to find their passion and to develop a sense of responsibility and interdependence as they face the future with confidence, and contribute meaningfully to the greater community.

We invite you to play an active role in Punahou's future by continuing the tradition of giving with a contribution through your estate plan or life income gift. A planned gift may enable you to make a more significant gift than you thought possible while also helping you to achieve your financial and philanthropic goals. We have developed giving options that take care of you and your family, as well as allow you to support people and programs at Punahou.

The goal of this guide is to explain some of those options and benefits. While it focuses on benefits that may include potential income and tax savings to you, there are also nonfinancial benefits as well. Living a meaningful life includes helping others, which in turn strengthens connections and the continuity of philanthropy through future generations. With careful estate and gift planning, you can touch the future with an enduring gift.

Please let us know if we can assist you in reaching your goals.

Mahalo,



Gift Planning with Punahou

Punahou's Office of Gift Planning can help you create a meaningful gift plan that achieves your philanthropic and financial goals. If you decide to include a charitable gift to Punahou in your estate plan, either through your will or revocable living trust, or through a beneficiary designation from your retirement plan or insurance policy, please confirm to the Office the designated purpose of your gift for Punahou.

The Office of Gift Planning can also give you information about Ka Punahou Society (KPS), which honors and recognizes donors who support Punahou through any form of planned gift. As a member of KPS you will receive invitations to special events, including the annual KPS luncheon hosted by the School President, and become a part of Punahou's long tradition of giving.

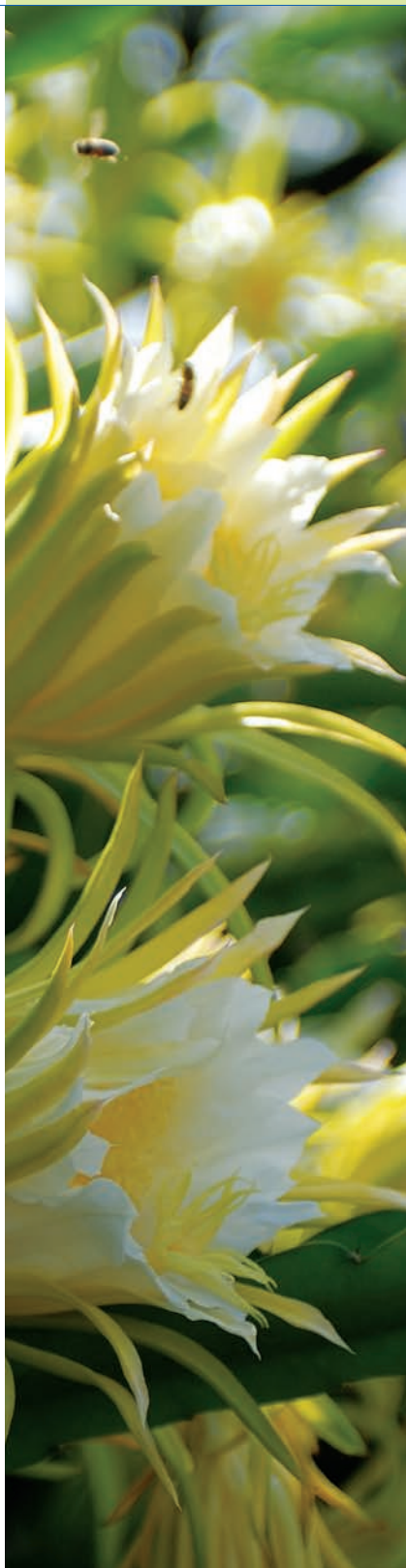
If you would like to learn more about supporting Punahou through a bequest, life income gift or other planned gift, please call 808.944.5845 or email giftplanning@punahou.edu. Punahou staff are happy to speak to you and/or your advisors, or send a personalized gift illustration to show you how you may benefit from gift planning while also supporting Punahou School.

Professional Partners

Punahou School utilizes the charitable gift services of BNY Mellon Wealth Management to manage and invest its planned giving assets. BNY Mellon is a global financial services company with \$29.9 trillion in assets under custody and administration and \$1.6 trillion in assets under management. In 2016, BNY Mellon was ranked 8th largest U.S. Wealth Manager by Barrons, and named "Top U.S. Private Bank" and "Best Private Bank in North America" in 2015. With 80 percent of the Fortune 500 as its clients, BNY Mellon is an excellent partner for Punahou.

BNY Mellon's Planned Giving Group is dedicated to the investment of Punahou's planned giving assets, employing socially responsible investment solutions and strategic asset allocation to address Punahou's long-term institutional goals as well as the current income needs of its donors.

Disclaimer: Punahou School cannot render legal, accounting or other professional service or advice.



What is Gift Planning?

A way to make a gift to Punahou that can provide current and/or future benefits to you, your family and Punahou School.

Common Types of Planned Gifts

Wills and Trusts	4
Retirement Assets	5
Charitable Gift Annuity (CGA)	6
Charitable Remainder Trust (CRT).....	7
IRA Charitable Rollover	8

With simple estate planning, you can make a future gift to help Punahou.

Wills and Trusts

THE NEED

You would like to support Punahou without giving away your assets or affecting your cash flow at this point in your life.

THE SOLUTION

You can leave assets to Punahou and other charities, in addition to the important people in your life, through your estate plan.

THE BENEFITS

» *Retain Control*

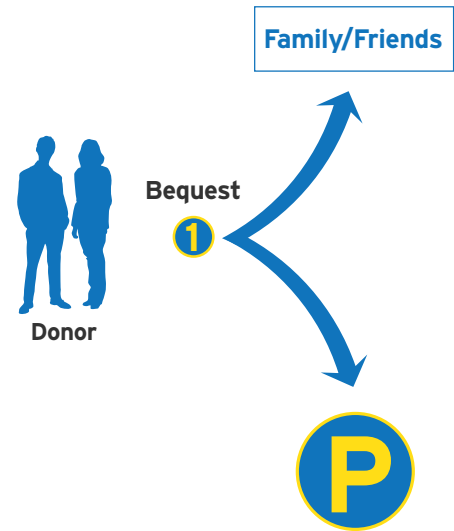
You retain ownership and use of your assets to meet your family's needs during your lifetime.

» *Flexibility*

Wills and trusts can be modified, if necessary.

» *Support Punahou*

You can direct your future gift to provide unrestricted support for Punahou or designate it to support the priorities most important to you, such as financial aid or faculty support. By doing this, you provide an enduring gift that continues your support for Punahou.



THE DETAILS

You can leave a gift to Punahou by including a bequest in your will or trust. Property that passes through a beneficiary designation (such as life insurance policies and retirement accounts) may be donated by designating Punahou as a beneficiary. Here are a few ways you can include Punahou in your estate plan:

SPECIFIC ASSET BEQUESTS

Make a bequest of a specific asset, such as cash, securities, or other property to Punahou. Example: "I give (all or X percent) of my house to Punahou."

SPECIFIC AMOUNT

Designate a specific amount to Punahou. Example: "I give \$_____ to Punahou."

BEQUEST OF A PORTION OF YOUR RESIDUARY ESTATE

After you have provided for your other beneficiaries, consider leaving all or part of the residue of your estate to Punahou. "I give 50 percent of the residue of my estate to Punahou."

CONTINGENT BENEFICIARY OF YOUR ESTATE

Name Punahou as a contingent beneficiary of your estate in the event your other heirs or beneficiaries do not survive you.

Name Punahou as a beneficiary of your retirement plan and make a greater impact than you thought possible.

Retirement Assets

THE NEED

You have retirement assets and other appreciated assets that you want to give to your family and Punahou. You want to minimize tax consequences to your heirs and maximize your giving to Punahou.

THE SOLUTION

Designate Punahou as a beneficiary of your high-tax retirement assets and give your appreciated assets to your heirs.

THE BENEFITS

» *Retain Control*

You can continue to take distributions from your retirement accounts during your lifetime.

» *Flexibility*

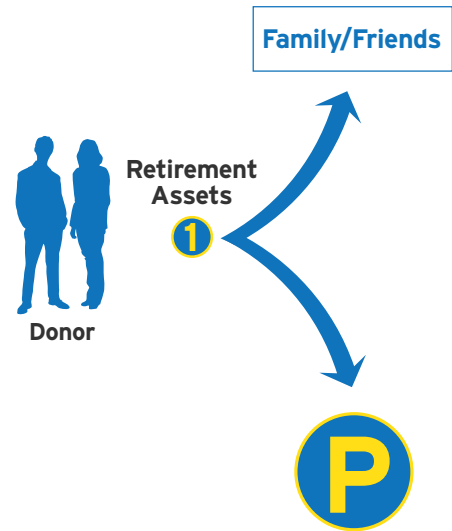
You can change your beneficiary designation at any time.

» *Tax Savings*

Your family avoids additional income tax and your estate enjoys estate tax savings if you have a taxable estate.

» *Support Punahou*

After your lifetime, all or a portion of your remaining retirement plan assets pass tax-free to Punahou.



THE DETAILS

You designate Punahou as the beneficiary of your IRA, 401(k), 403(b) or other qualified plan.

LEAVING YOUR RETIREMENT ASSETS TO PUNAHOU

When individual recipients withdraw funds from a retirement account, they must pay income tax on the distribution. Thus, the gift of retirement assets to your heirs may be reduced significantly by taxes. Punahou, as a tax-exempt organization, will not owe taxes when it receives your retirement assets, so the School will benefit from the full value of your gift.

LEAVING YOUR RETIREMENT ASSETS FOR INCOME

Another option is to leave your retirement assets to a trust that pays income to a loved one after you are gone. You can designate the trustee of a charitable remainder trust as the beneficiary of your retirement assets. Please contact the Office of Gift Planning to view an illustration with the benefits of this plan.

An agreement through which you make an irrevocable gift of cash or stock to the School and Punahou agrees to pay you fixed payments for the rest of your life.

Charitable Gift Annuity

THE NEED

You would like to make a gift to Punahou and are looking for dependable income for life.

THE SOLUTION

You and Punahou School enter into a charitable gift annuity agreement.

THE BENEFITS

» *Fixed Payments for Life*

You receive a secure, predictable fixed income for the rest of your life (or the lives of you and your loved ones). Payments can supplement retirement income, help pay for Punahou and college tuition, or purchase wealth replacement life insurance.

» *Tax Smart*

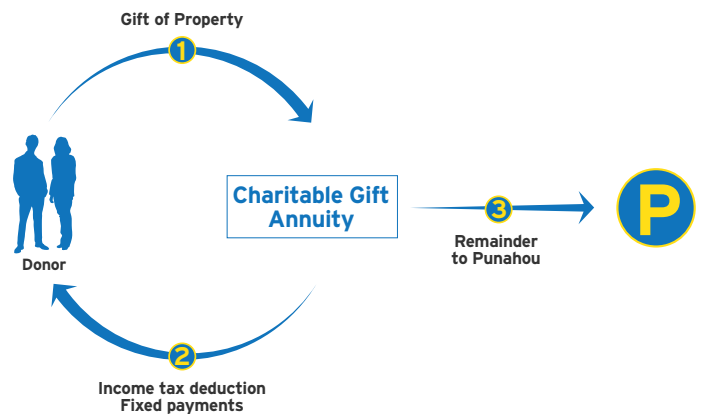
A portion of your annuity may be tax-free and you pay no capital gains tax at the time of the gift.

» *Tax Deduction*

You receive an immediate income tax deduction for a portion of your gift.

» *Support Punahou*

Punahou receives the remaining principal when the contract ends.



THE DETAILS

Make a gift of cash or securities to Punahou and Punahou pays you – or one or two individuals that you name – fixed annuity payments for life.

DURATION

Your annuity payments are backed by the assets of Punahou School, and will continue for life.

PAYOUT RATE

Your Gift Annuity payout rate is based on your age. Check with Punahou's Office of Gift Planning to see how high your payments could be.

TIMING

A Gift Annuity contract can begin making payments immediately (a **current CGA**) or you can begin receiving payments at a future date (a **deferred CGA**). A deferred CGA can supplement your retirement income and provide larger annuity payments than a current CGA.

AGE AND GIFT MINIMA

A CGA can be set up with a minimum gift of \$10,000 in cash or securities. The minimum age for a beneficiary of a current CGA is 65 and 60 for a deferred CGA.

Make an irrevocable gift of cash, securities or other appreciated property to a trust and receive a fixed percentage of the trust value, re-valued annually.

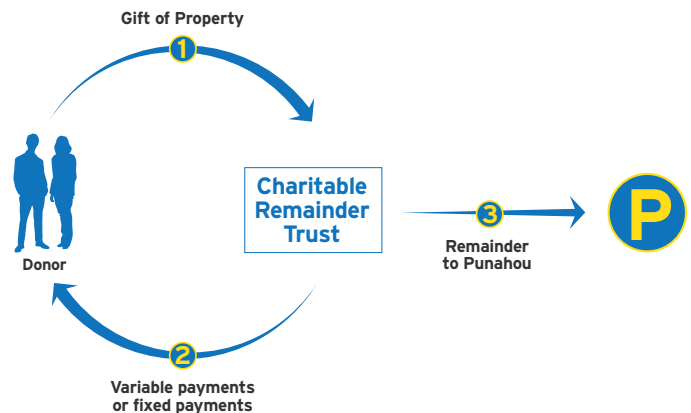
Charitable Remainder Trust

THE NEED

You have appreciated assets that produces little or no income, and you would like a more productive asset but are concerned about the capital gains tax if you sell your property.

THE SOLUTION

You contribute the appreciated property to a Charitable Remainder Trust (CRT) and designate Punahou to receive the remainder. The Trustee sells the property and beneficiaries receive income for their lifetimes or for a specified term of years.



THE BENEFITS

» *Increased Income*

The trust pays an income stream from the trust assets to you or your loved ones. Payments can supplement retirement income, help pay for Punahou and college tuition, or purchase wealth replacement life insurance.

» *Bypass Gain*

The trust sells your property tax-free and invests the full value of your property. You pay no immediate capital gains tax on the transfer of appreciated assets.

» *Tax Deduction*

You receive an immediate income tax deduction for a portion of your contribution to the CRT. You can make additional gifts to the trust and qualify for additional tax credits.

» *Support Punahou*

When the trust terminates, Punahou receives the remainder interest for its use and benefit in accordance with your wishes.

THE DETAILS

You transfer cash or appreciated property to the CRT.

TRUSTEE

A trustee separately manages and invests the property for the trust. You, another person, a professional fiduciary or Punahou may serve as trustee.

DURATION

A CRT can last for the lifetime of one or more beneficiaries or for a specified term of years. It can even be established upon your passing with a bequest from your estate to benefit a loved one before distributing your ultimate gift to Punahou.

ANNUITY VS. UNITRUST PAYOUT

A Charitable Remainder Annuity Trust (CRAT) pays a fixed dollar amount each year. By contrast, a Charitable Remainder Unitrust (CRUT) pays an amount equal to a percentage of the trust value at the beginning of each year.

AGE AND GIFT MINIMA

A CRT can be established with a minimum gift of \$100,000 in cash and securities or with real property worth \$250,000 or more.

Make a gift from your IRA to Punahou and avoid tax on the distribution.

IRA Charitable Rollover

THE NEED

You don't itemize your deductions on your tax returns and want to make a gift that will provide tax savings.

THE SOLUTION

If you are at least 70-1/2 years old, instruct your IRA plan administrator to make a direct charitable distribution to Punahou with pre-tax dollars. You decide when and how much you want to give.

THE BENEFITS

» *Avoid Income Taxes*

IRA distributions are normally subject to federal and state income tax. Making a qualified charitable distribution (QDC) from your IRA to Punahou instead will exclude it from your taxable income.

» *Counts for Reunion Giving*

IRA gifts distributed to Punahou will count toward your Reunion Class Gift. You can even pledge future IRA gifts to maximize the impact of your gift.

» *Support Punahou*

If you are 72 years old and must take a required minimum distribution (RMD), use it to immediately support students, faculty and programs at Punahou School. Pledge future RMDs and establish a named endowed fund or direct it in any direction.



IRA Rollover Form

Rollover Gift to Charity

THE DETAILS

You instruct your IRA plan administrator to make a distribution from your IRA directly to Punahou.

REQUIREMENTS

If you are at least 70-1/2 years or older, you can donate up to a total of \$100,000 per year directly from one or more IRAs to Punahou School. The gift must be sent directly from your IRA to Punahou and you must not receive any benefit in return.

TAX TREATMENT

The direct distribution to Punahou will not be considered taxable income to you. However, because you are not claiming the transferred amount as income, there is no charitable tax deduction for your gift.

LETTER OF INSTRUCTION

If you are interested in avoiding taxes and making a gift from your IRA to Punahou, please contact us and we will provide you with a sample letter of instruction to send to your IRA plan administrator.

Make a gift of real estate to Punahou, retain the right to live on the property and receive an immediate charitable tax deduction.

Retained Life Estate (Gift of Remainder)

THE NEED

You want to leave your residence or vacation home to Punahou at death, but need a current tax benefit.

THE SOLUTION

Deed your home to Punahou, subject to a retained life estate.

THE BENEFITS

» *Tax Deduction*

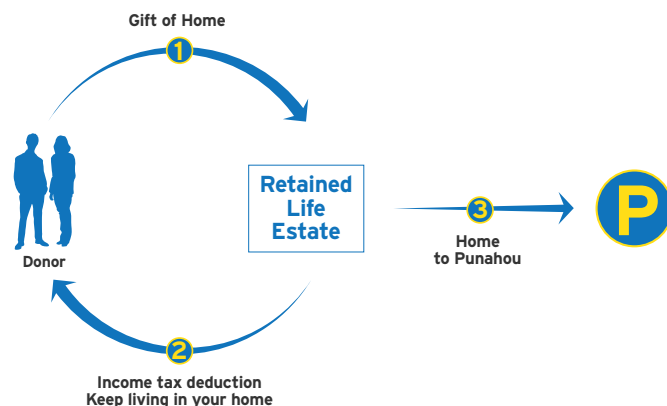
Receive an immediate charitable tax deduction based on the fair market value of the property, less the value of your life estate. If you terminate your life estate early, you can receive a second tax deduction.

» *Preserves Lifetime Use*

Continue to enjoy your property for the rest of your life.

» *Support Punahou*

When you retain a life estate, the gifted property is no longer part of your taxable estate and immediately passes to Punahou when the life estate is terminated.



THE DETAILS

You execute a deed transferring your home to Punahou. On the deed, you retain a “life estate” that grants you the right to use the property for life. You receive an income tax charitable deduction in the year of the transfer.

DURATION

The Life Estate typically lasts for your lifetime or the life of you and another person.

MIT AGREEMENT

You agree to be responsible for the maintenance, insurance and taxes (MIT) for as long as you live on the property.

REMAINDER INTEREST

When the life estate ends, Punahou sells the property and uses the proceeds to support the School’s highest priorities or your designated purpose.

Transfer your property to fund a Charitable Lead Trust. The Trust pays fixed income to Punahou for a period of time. At the end of the term, the property will go to you or your family with substantial tax savings.

Charitable Lead Trust

THE NEED

You want to leave as much as you can to your family by minimizing or eliminating taxes on the gift to them.

THE SOLUTION

You transfer appreciated assets to a Charitable Lead Trust (CLT) and make a significant gift to Punahou now that reduces the taxes due on transfers to your heirs later.

THE BENEFITS

» *Tax Savings*

The present value of the income payments to Punahou reduces your gift/estate tax.

» *Retain Control*

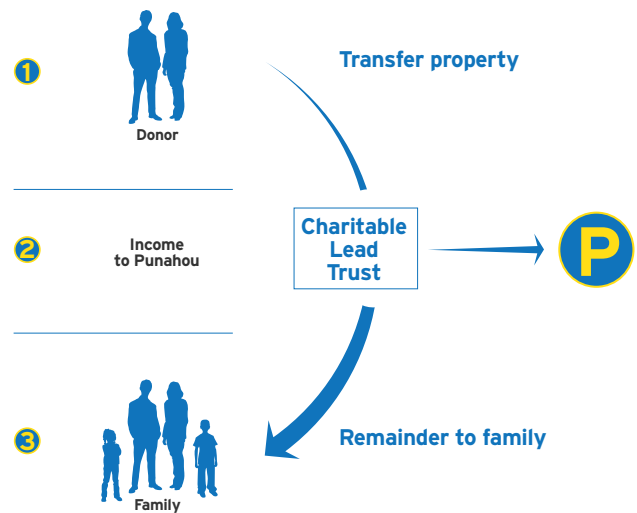
You select the appropriate term of years for the CLT, enabling you to schedule when the principal will pass to your family.

» *Benefit Your Family*

All appreciation that takes place in the Trust goes tax-free to your heirs.

» *Support Punahou*

Punahou receives a stream of income for a period of time and you are able to see your gift in action during your lifetime.



THE DETAILS

You transfer cash, securities, and/or real property to a trust.

PAYMENTS TO PUNAHOU

Every year for a set number of years (or for your lifetime) Punahou receives either a fixed dollar amount or a fixed percentage of the trust asset value.

REMAINDER TO FAMILY

Upon trust termination the remaining assets pass to your family members or other loved ones at a reduced transfer tax value.

TAX-FREE APPRECIATION

The appreciation in trust asset value occurs outside of your estate and is thus transferred to your beneficiaries free of gift tax.





PUNAHOU SCHOOL

Punahou School
1601 Punahou Street
Honolulu, HI 96822

Carrie E. Ogami, J.D.
Director of Gift Planning
808.944.5845
giftplanning@punahou.edu
www.punahou.edu/giftplanning