

IN THIS ISSUE:

Alternatives to Cash Gifts

Dani's Story

First Ladies Lend Support
for Healing Garden



Ivy and Roberto Duke, members of
The Guardian Society

Like Father, Like Son

Roberto Victor Duke knows firsthand the power of lifesaving medical care. When his mother was traveling back from the Caribbean on a cruise, she gave birth to Roberto prematurely, who weighed one pound and two ounces. The doctor on board saved his life by constructing a makeshift incubator out of wine crates. His mother was so grateful that she named her newborn after Captain Roberto and the cruise ship, called Queen Victoria.

"This story of my birth always reminds me of the importance of helping others," reflected Roberto.

He went on to attend the University of Virginia, where he met his wife, Ivy. Together, they moved to Washington, DC, to start their careers—he as an urban planner and she as an attorney. In 2003, Roberto and Ivy discovered they were going to have a baby, whom they would name Ian.

At the 20-week ultrasound, they learned that Ian had hypoplastic right heart syndrome, a serious congenital heart defect. They were referred to Children's National and at just three days old, Ian had the first of five open-heart surgeries. He is now thriving.

"While my birth was fraught with challenges," said Roberto, "I never imagined that my own child would endure a similar fate. We decided to put Children's National in our wills so that more children have access to excellent medical care."

As members of The Guardian Society, the Dukes actively raise awareness about the power of philanthropy. Ivy recently joined the Children's Hospital Board. In the summer of 2014, they welcomed Ana Victoria Duke into their family.

"My mom honored the captain of the ship for saving my life by naming me after him," said Roberto. "So it's fitting that Ivy and I have 'named' Children's National in our wills. We want to honor the doctors and nurses who helped Ian survive."

Read Ian's story at: www.childrensnational.org/testimonials



Alternatives to Cash Gifts— Smart Options for Supporting Children

Psychologists sometimes employ a technique called the word-association test—an exercise where the psychologist gives a word and the subject responds with the first word that comes to mind. When it comes to philanthropy, many who hear the word “give” immediately think of “cash.” However, there are a variety of ways to support the mission of Children’s National, and some of the most meaningful and effective options involve non-cash assets. In this issue of **The Guardian**, we focus on some of the non-cash assets most commonly used to support our work.

Appreciated Stock: Turn a Capital Gain into a Tax Deduction

For some donors, a gift of appreciated stock has a major advantage over a gift of cash. Consider this scenario:

Mary intends to give \$25,000 to Children’s National this year. She could either write a check for \$25,000 or give appreciated stock worth \$25,000. Whether she gives cash or stock, Mary will be able to deduct \$25,000 on her federal income tax return as a charitable contribution (subject to some limitations).

Let’s say Mary bought stock years ago for \$5,000. If she sells it today, she will have to pay capital gains tax of \$3,000 (a gain of \$20,000 taxed at a capital gains tax rate of 15%). Thus, the after-tax proceeds from the stock sale are \$22,000 (\$25,000 - \$3,000) to use for her gift.

However, there is no capital gains tax due if she gives the stock directly to Children’s National. Mary saves \$3,000 and can deduct the entire \$25,000 as a charitable contribution on her itemized tax return, possibly saving some income tax as well.

If you own appreciated stock you have held for more than one year, consider giving the stock—a wise strategy that allows you to make an important contribution to our mission. Visit www.childrensnational.org/stocks for your personal calculator.

Examples for illustrative purposes.



A Gift of Real Estate: Avoid Upkeep and Capital Gains Tax

A gift of appreciated real estate is similar to a gift of appreciated stock: you can deduct the property’s full fair market value while avoiding capital gains tax on the property’s appreciation. However, there is an additional advantage to this type of gift. Real estate requires a good deal of maintenance and management, plus insurance costs and taxes. In the right situation, a gift of real estate can be an ideal way to simplify your life and help the children we serve.

Example: Lynn recently decided to move closer to her children in another state. She plans to sell her home and purchase a condo with the proceeds. However, she is not sure what to do with the family lake house. Her first thought is to sell the property (appraised at \$300,000), but there will be capital gains tax to pay (about \$30,000), as well as selling costs and broker commissions.

Instead, Lynn considers making a gift of the property to Children’s National. She can deduct the \$300,000 appraised value of the property. At her income tax rate of 33%, Lynn’s deduction would save \$99,000 in taxes. Furthermore, Lynn will enjoy

Dani's Story

knowing that when Children's National sells the property, the funds will help more children live healthy lives.

A gift of real estate, of course, must be appropriate for our organization and for the donor, and there are some costs associated with transferring the property. But at the right time and place, a charitable gift of real estate can be a great way to make an impactful gift.

Other Property Gift Options Present Unique Opportunities

Appreciated stock and real estate represent fairly well known non-cash gift options. Other property gifts are not so obvious, but are still worth consideration.

Life Insurance

Many people once purchased life insurance policies to provide a college fund or pay off a mortgage, but now their children are grown and their house is paid for. An existing policy can be a practical way to make a substantial gift—one that may be significantly larger than you could make using cash or other property.

A gift of a life insurance policy is eligible for a tax deduction equal to the fair market value of the policy or its cost basis, whichever is less. Simply assign ownership of the policy to us to make a gift.

Another way to make a gift commitment through a life insurance policy is to name Children's National the beneficiary of the policy. You retain ownership of the policy and you can change the beneficiary designation if your needs change. To make a gift, your agent or insurance company can provide the form you need.

Retirement Plan Assets

Much of your accumulated wealth is probably in some form of a retirement plan—perhaps a 401(k) plan, an IRA, or an employer pension. All offer tremendous opportunities for growth because money in qualified plans is generally not subject to income tax until the funds are withdrawn. However, if a tax-exempt organization like Children's National is the beneficiary, none of the money is taxed and we receive 100% of the remaining amount.

The easiest way to donate retirement plan assets is to designate Children's National as a beneficiary. Just contact

continued on page 4

For nearly one year, 14-year-old Danica "Dani" Zimmerman lived in great physical pain. A burning sensation, which began in her right hand, quickly spread to other limbs. "It was as if someone had poured lighter fluid all over my arm and leg, and then rubbed salt all over the burns," she recalls. "I had nightmares about fires and couldn't wear certain clothes because my skin was so sensitive."

After visiting 20 doctors, Dani was referred to Children's National, where she finally received a medical diagnosis. She had a rare condition known as chronic regional pain syndrome, which is believed to be caused by damage to, or malfunction of, the peripheral and central nervous systems.

Dani went to the Pain Medicine Complex in the Sheikh Zayed Institute for Pediatric Surgical Innovation at Children's National. Dani's treatment included an innovative technique to help identify and monitor pain—playing galaxy-themed video games created to measure pain. Over time, the novel therapies worked wonders.

Today, Dani is in remission and lives without pain. "What the doctors did for me was amazing. I have my life back," she says. "I can receive hugs from my friends and family again."

Dani



Is Children's National already in your will or other estate plan but you haven't told us? If so, please let us know now so we may welcome you to

The Guardian Society.

The Guardian Society recognizes the very special people who have included Children's National in their will and other estate gifts. Their forethought and generosity will help to ensure world-class care, advocacy, research, and education at Children's National through a lasting legacy. To learn more about making a legacy gift, please visit our website www.childrensnational.org/giftplanning or contact me.

Our Tax ID is #52-1640402



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Children's National[™]

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First Ladies Lend Support for Healing Garden

First Lady Michelle Obama and all five living former First Ladies will serve as honorary chairs for a project to transform a gravel rooftop space at Children's National into a 7,200-square-foot healing garden. The garden will give patients and their families a healthy outdoor space where they can enjoy art, music, and inspiring views of Washington, DC. It will be dedicated to the First Ladies of the United States.

"I've seen firsthand the strength and bravery of the children and families at Children's National as they take on incredible challenges," Mrs. Obama said. "The new healing garden will give children and families a place where they can find peace and comfort, while also contributing to their health."

Kurt D. Newman, MD, president and CEO, said "Children's National has been honored by our relationship with the First Ladies over the years, and their holiday visits have meant so much to children and their families. We are grateful that the First Lady and the former First Ladies are supporting this important project. It's a fitting tribute to dedicate this inspiring space to them."

The healing garden was inspired by a young patient whose last wish was to go outside—and by the heroic efforts of the Children's National care team that made her wish come true. Children's National is working to raise funds to support the project, with the leadership of Heather and Andy Florance and the team at CoStar Group, Inc.

Learn more: www.childrensnational.org/healinggarden

Other Property Gift Options (continued from page 3)

your plan administrator for the proper form. If you are married, your spouse must waive his or her right to survivor benefits from the plan (though this is not the case for IRAs).

The tax ramifications of retirement plan distributions are complex, so don't take action without first consulting your tax advisors. We will be happy to help you explore how you can reduce taxes and leave more to your heirs and favorite charities with careful planning. It could be a very wise investment of your time and a real benefit to our programs.

Feel Free to Contact Us

It would be our pleasure to help you and your advisors explore how you might enhance your philanthropy through non-cash gift options. Many of these gifts are quite easy to establish, and every gift makes a lasting impact on our mission. Please return the enclosed card or contact us by phone or email to request more information.