

Social Capital Tools

How to Use Your Social Capital for the Benefit of the Charity of Your Choice

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Social Capital

What is social capital? There are basically two types of capital — personal capital and social capital. Picture two buckets of money, one being personal capital and the other social capital. In the personal bucket, money is spent to keep up your lifestyle: living expenses, money for your children's education, travel, etc. Meanwhile, the money kept in the social bucket in principal is the money which your family cannot inherit: i.e., money the IRS usually acquires from you through income taxes, capital gains, gift taxes, and estate taxes. The government collects the funds and uses them for various projects to better society, but you have no say in how that money should be spent. Part of the taxes you pay are indirectly used for charitable and humanitarian needs.

You can take control over your social capital and direct those funds to charities of your choice by using some commonly used social capital tools. Most people forget the fact that when they save money through their IRA or pension plans, someday when they withdraw the money, they will have to pay income taxes. Moreover, a larger estate will typically pay a certain amount of estate taxes apart from income tax. My research has shown larger estates will pay the majority of their pension/IRA assets in the form of income and estate taxes. Under a provision of the Federal Pension Protection Act of 2006 signed by President Bush on August 23 of 2006, IRA owners can transfer up to \$100,000 per year of their IRA directly to a charity of their choice, provided that the IRA owner is at least 70 ½ years of age. By doing a direct transfer from the IRA, the owner does not have to go through the process of withdrawing the funds on his or her personal name, paying taxes, making a contribution to the charity of their choice and then claiming a tax deduction through a tax filing. The opportunity to transfer funds directly from an IRA to a charity is a limited time offer — this opportunity could potentially close in 2007 unless Congress keeps the law in place. By transferring money directly to a charity from your IRA, you can take control of your social capital and direct the funds to the cause you want to support.

Social Capital Tools

The following are a list of the social capital tools commonly used to control social capital:

Bequests: A bequest is when property is transferred to a named beneficiary upon death. You may potentially reduce your estate tax by naming a charity.

Gift of Assets: You can gift stocks, bonds, annuities, mutual funds, collectibles, real estate, etc to the charity of your choice. By donating appreciated property, you can reduce capital gain taxes and potential estate taxes.

Life Insurance: By transferring the ownership and beneficiary of your life insurance policy to the charity of your choice, you can possibly leverage your contribution. You may be able to take an income tax deduction based on the cash value of the policy you have donated to the charity.

Pooled Income Fund: In this scenario, a trust pools contributions (typically property) from various donors and manages the fund. Each donor receives life income based on the pro-rata share of income earned based on the annual rate of return fund earned. The charity receives the remainder interest upon the death of the donor. The donor gets a certain amount of income tax reduction based on the value of the property donated, and a certain value of the property donated will not be part of the donor's estate.

Charitable Lead Trust: With this tool, donated gifts provide charitable organizations a fixed income stream up to twenty years. At the end of that time period, the remainder of the asset is transferred either to the donor or the designated beneficiary. The donor is entitled to certain income tax deductions.

Charitable Remainder Trust (CRT): This tool is the inverse of Charitable Lead Trust. It will provide income for the donor, or spouse, or other individual either for life or for a term of years. At the end of that time, the trust's remaining assets would pass to the charitable organization. Through this strategy, you may be able to minimize or eliminate capital gains, estate and gift taxes. Since you are making a partial charitable donation to a non-profit organization, at the time of your death, your estate will receive a deduction. This trust generates either income tax or estate tax savings for the donor. Using a life insurance trust in combination with a Charitable Remainder Trust could potentially replace the value of the assets which was donated. This trust is commonly known as "Wealth Replacement Trust."

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Care and Share

A non-profit (501 c(3)) International Charitable Organization.

SPECIAL POINTS OF INTEREST:

- Conducted 8 medical camps in 2005
- Only 2.4% administrative cost in 2005
- Plans to expand Kidney diseases and pain & palliative care support

INSIDE THIS ISSUE:

Medical Camps	2
Projects on the Radar	2
Value-based Analysis of Medical Services	3
Revenue and Expense Trending	3
Social Capital Tools	4

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Chronic Kidney Disease - A Serious threat

Over the next few years Care and share is planning to expand its support in two main areas - Pain & Palliative Care and Kidney diseases. After Cancer and Heart diseases, Kidney diseases are said to be the most common chronic disease found in India. Unfortunately, in India Chronic Kidney Disease (CKD) is yet to be recognized fully as a serious health problem. Kidney disease affects people of every walk of life and it's most prevalent among people with diabetes and hypertension.

Treating kidney related disorders is as expensive as any other debilitating diseases like cancer or AIDS. Advanced CKD requires three blood dialyses a week with each dialysis costing close to INR 1000. Care and Share works with the Cochin Kidney Foundation (CKF) to help the afflicted families of these unfortunate patients.

Care & Share and CKF conducted five "Screening for Early Evaluation Kidney diseases" (SEEK) medical camps for the early evaluation of CKD. About 100 people attended each camp. SEEK program is an initiative of Harvard Medical School for the early detection of CKD in India, and the program is carried out in Kerala through Care and Share Kerala

Chapter and Cochin Kidney Foundation. The incidence of CKD in these asymptomatic populations is around an alarming 20%.

Apart from financial assistance, CKF also provides rehabilitation of patients and families. The rehabilitation process involves assistance in obtaining employment, self employment and counseling for social well being. As part of the various efforts by CKF to better educate the public about disease and prevention methods, three diabetic clubs are started in various parts of the state.

For more details about CKF visit www.cochinkidneyfoundation.org or email cochinkidneyfoundation@yahoo.co.in.

It is the magnanimity of people like you that makes this work a reality. We need your support. Let us join together to make life better for many suffering kidney patients.

Do you care enough to share?

Projects Supported (2005–2006)

For the full list of projects please visit <http://www.careandshare.com/support.html>

- **Tsunami Support** — In association with Kerala Association of Washington (KAOW) supported the relief efforts in Chellanam village to build houses for the affected victims
- **Katrina Hurricane** — Financial Aid to Salvation Army
- **Pain & Palliative Care Support** — Supported "Santhwanam" unit operating in Malappuram district through Pain and Palliative Care Clinic, Medical College, Calicut - <http://www.painandpalliativecare.org>
- **Medical Camps** — Conducted 8 medical camps delivering medical services that worth INR 957,000
- **Orphanages & Old age Homes** — Supported "Friends of the Birds of the Air" - Divyahrudaya Ashram, Peechi, Thrissur; Home of Faith, Kakkanad, Kochi; Providence Home, Kakkanad, Kochi

Medical Camps



Medical Camp Registration



Computerized Vision Checkup

Care and Share Kerala Chapter's main focus during the past few years has been in reaching quality medical care and eye care to the most needy people in central Kerala. We conducted our first free medical camp on 20th January 2002 at Adimali, a remote village in Idukki District, where most of the camp patients had not consulted a qualified Ophthalmologist at any point in their life. It was a wonderful experience to see them finally enjoying their full vision when they got a prescribed eye glasses free of cost.

We were only 5 Members on the team then: Dr. Roshan, Dr. Georgy K. Nainan and three volunteers including myself. We saw 343 patients that day and could find time to eat only by 6 PM. All were dead tired and exhausted by evening. We were much less equipped to meet the challenge then.

That was our first experience and we have come a long way since that day. Up to and including September 2006 we have done a total of 46 free medical camps and around 40 of these camps included Eye Care facilities. Most needy patients were selected for completely free cataract surgery using advanced Phacco emulsification method. These patients have gone back fully satisfied with regained vision. Today we are better equipped, more trained, have more volunteers to work with us and Care and Share is known in the area for its service and activities. We would like to thank Roshan Eye Care Hospital doctors & its staff, Cochin Kidney Foundation, Ratheesh Optical's Tripunithura, local clubs and social groups, and our volunteers for their invaluable support.

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Projects on the Radar for 2006-2007

These are some of the projects we would like to support in the coming year.

- **Pain & Palliative Care** — In the next few years Care & Share is planning to expand the support offered to the cancer patients and families through various PP units across the state. Cancer is reported as the most common disease afflicting families more than any other ailment.
- **Cochin Kidney Foundation** — Kidney diseases are one of the costliest diseases to treat. Care & Share works with CKF to bring affordable treatments to the most needy people. <http://www.careandshare.com/ckf.html>
- **911 or EMS Project by AKMG** (Association of Kerala Medical Graduates, USA) — Kerala Emergency Medical Services is a project, aimed at developing and coordinating a network of Emergency Medical Services (EMS) that will reduce premature deaths and disability through early intervention, prevention and rehabilitation. <http://www.careandshare.com/ems.html>
- **Orphanages, Old Age Homes & Child Support** — We will continue our support for these institutes.

Humanitarian Award 2006

Since its inception in 1990, Care & Share has recognized individuals who exhibit extraordinary selflessness to their community through its Humanitarian of the Year Award.

This year we honor **Dr. M. R. Rajagopal** for his service in the field of Pain & Palliative Care for cancer patients. He was instrumental in establishing many pain & palliative care units across the state, including the one in Medical College, Calicut. For more details visit www.careandshare.com/award.html.

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Value-based Analysis of Medical Services

Services	2002	2003	2004	2005	2006*
Number of Medical Camps	13	10	7	8	8
Total Patients Served	3730	3301	1958	2017	1045
Free Eye-glasses	1525	1009	1525	421	182
Cataract Surgery	99	22	41	36	11
Ultrasound Scan	91	400	525	138	60
PAP Smear (Gynec)		30	30	146	60
Value-based Analysis †	15.06	10.71	11.03	9.57	4.34

* — Upto August

† — In Lakhs of Rupees

Revenue and Expense Trending (in US Dollars)

Year	2001	2002	2003	2004	2005
Revenue for the Year	139,800	18,715	9,475	28,637	43,993
Fund Balance from Prior Year	45,773	156,785	47,155	50,295	58,535
Allocation and Disbursement for Charitable Projects	27,340	125,930	5,900	19,501	17,907
Administrative Expenses	1,448	2,415	435	896	2,427
Administrative Expenses %	0.78	1.38	0.77	1.14	2.4%
Revenue over Expenses	156,785	47,155	50,295	58,535	82,194

In 2005, only 2.4%
of the total
donation to Care
& Share was used
as administrative
expenses.

Now It is Your Turn to Help...

I would like to direct my donation for the following causes

Name

Address

City State Zip

- Pain & Palliative Care Asthma Care Kidney and Diabetes Cancer Care Orphanages
 Eye Care Education Aid for Poor EMS Project by AKMG Other (specify)