

# Foundation for the Future



## Planning for Future Security

America has been built and its economic success achieved, in large part, because of the philanthropic spirit that is a central element of our culture. Over 90% of Americans report giving of their time or other resources each year. In fact, charitable gifts have increased in almost every year since 1960.

If you are like many people, you might wish to make even more gifts in support of chari-

table interests, but don't want to jeopardize your own economic security or that of loved ones.

In this newsletter, we will examine ways you can make generous gifts in support of philanthropic interests while maintaining or even improving your financial picture.

Through careful planning, you can meet a variety of personal and family financial needs while still making charitable gifts. It is actually possible

to make gifts while increasing income for yourself and/or loved ones, providing for inheritances, and reducing or eliminating income tax, gift tax, and estate tax.

Including charitable interests in your overall estate and financial plans can be a simple process. In many cases you can accomplish the desired results through minor modifications of your existing plans.

Read on to learn how you can take advantage of tax law changes and utilize other ideas to enhance your plans in ways that benefit you and your loved ones while making what may be a "gift of a lifetime."

### *Making Gifts While Meeting Needs*

Through effective estate and financial planning, you can make meaningful charitable gifts while you also:

- Increase income in retirement years.
- Supplement the income of a parent, sibling, or other loved one.
- Make educational funds available to children, grandchildren, or others in tax-favored ways.
- Provide for inheritances of any amount free of gift, estate, and generation skipping taxes.
- Make charitable gifts using retirement fund assets that may otherwise be substantially depleted by income and estate taxes.

### INSIDE

- Learn the "4 P's" of personal planning
- Provide for tax-free inheritances
- Ways to provide for others

# A Place to Begin When Making or Updating Your Plans

**W**hen considering where to begin the process of making or revising your estate plans, you may want to start with the “4 P’s” of estate planning.

## *People*

List those persons for whom you are now financially responsible and/or those whom you would like to assist in the future. Many individuals choose to include their charitable interests in this category.

## *Property*

Next, list your income and the property you own. Include your home(s), automobile(s), cash, stocks, bonds, mortgages,

jewelry, collections, and other property. Include balances in pension, profit sharing, and other retirement plans and the value of life insurance policies. Beside each asset, list its cost, its current value, and whether it is owned outright or with others. Also note all debts and when they are due.

## *Plans*

Your plans should begin to naturally take shape as you review your list of people and consider how you wish to provide for them in light of your property. Study the particular properties you listed, looking for those that match the needs of each person.

<p><b>People</b> Family Friends Charity</p>	<p><b>Property</b> Investments Real Estate Other</p>
<p><b>Plans</b> Will Trusts Deeds</p>	<p><b>Planners</b> Attorney Accountant Others</p>

Assets that produce income might be useful for some loved ones. Other property that may be increasing in value but yields little income may best be used to provide for those for whom future value is more important than current income. Some properties may be more suitable than others for funding charitable gifts.

## *Planners*

A number of advisors may be called upon to assist as you implement plans. The list may include your attorney, accountant, financial planner, trust officer, real estate professional, stockbroker, life insurance professional, investment advisor, and others. It may be best to choose one trusted advisor to help coordinate efforts with others. Feel free to discuss fees with your planners in advance; they expect and welcome such discussions.

## *Tax Planning Pointers*

- You may currently leave up to \$2 million to heirs free of federal estate tax.
- Federal taxes begin at 45% of larger amounts.
- Retirement accounts may be taxed more than other assets.
- Unlimited amounts may be left to a spouse tax free.
- Full tax rates apply at the death of the surviving spouse.
- Gifts for charitable purposes are totally exempt from federal estate and gift taxes.
- There is no limit to the amount deductible from federal estate tax for charitable gifts.
- It is possible to leave assets to loved ones, make charitable gifts, and eliminate estate taxes.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©2004 RFSCO, Inc. All Rights Reserved. NFB2-Trad06a

# Special Plans for Special Purposes

## *Gifts that feature income*

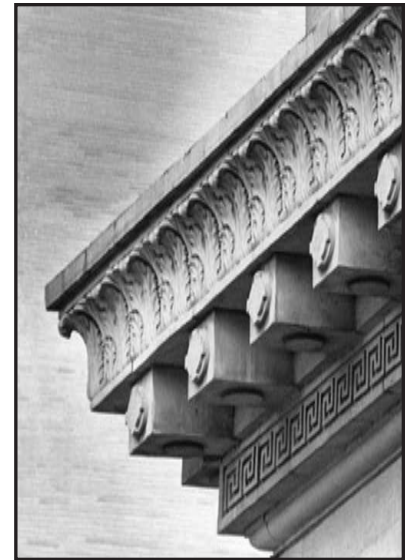
**A**s part of your planning process, there are ways you can make gifts that feature a number of financial benefits for you and/or your loved ones.

Through a *charitable remainder trust*, for example, you may receive payments that are fixed or that vary with the value of the property in the trust. The income may even be paid to a spouse or other loved ones. This plan lets you make a thoughtful gift while increasing your income from prop-

erty that has risen in value but yields little return.

## *A temporary gift*

Suppose you would like to leave assets to children or other loved ones in the future but are reluctant to pay gift and estate taxes as high as 46% for the privilege of doing so. Through a plan known as a *charitable lead trust*, you can direct that income be paid over a period of time to charitable interests you determine, with the property eventually distributed to loved ones largely free of federal gift and estate taxes.



## Let Your Plans Do ‘Double Duty’

**A**fter providing for loved ones, many use wills, trusts, and other planning tools to make a “gift of a lifetime” to one or more charitable interests.

For example, a gift through your will can keep giving to future generations. You can bequeath:

- A specific sum or specific property
- A percentage of your total estate
- All or a percentage of the remainder after all other bequests are satisfied

There is currently no limit to the amount of charitable gifts that can be deducted for federal estate tax purposes. Such gifts

also receive favorable treatment under the laws of most states.

## *Using built-in designations*

When you purchase an insurance policy or begin a retirement savings plan, you are asked to name a beneficiary to receive the plan assets in the event of your death. Charitable beneficiaries may typically be

named to receive part or all of life insurance proceeds or retirement plan benefits—a simple way to make a significant gift. Like bequests from wills and trusts, such gifts can result in welcome estate and/or income tax savings.

Regular reviews of your life insurance and retirement plans are part of sound estate planning.

## *Planning a Lasting Legacy*

All of the gifts described in these pages can result in gifts designed to honor the memory of a relative or friend. Many types of commemorations are possible.

More information about gifts in honor or in memory of others is available upon request.

# Failure to Plan Leads to the Use of an All-Purpose Plan

**A**long with the right to own private property comes the right to decide how you want to have it distributed when you no longer need it. Yet as many as 50% of all Americans fail to make even the simplest estate plans.

State laws provide standard treatment for those who choose not to plan their estates, such as:

- Equal provisions for heirs, regardless of their different needs.
- Exclusion of relatives or friends who may need the most assistance.
- A court-appointed guardian for minor children if no legal guardian survives.
- Payment of maximum taxes, fees, and expenses. Currently, federal estate taxes begin at 45% of amounts over \$2 million and increase to 46%.
- No regard for your charitable wishes.

Procrastination may be the greatest threat to your economic security and that of your loved ones.

We will be pleased to provide additional information without obligation concerning ways you can plan your financial future today. Discover new opportunities that can help reduce taxes and other expenses while benefiting you, your loved ones, and your charitable interests.

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You can provide for the future of Wesley Homes while you accomplish other important personal and financial goals. We will be pleased to assist you and your financial advisors. For more information without obligation, please return the enclosed card or contact:

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Wesley Homes Foundation supports the mission of Wesley Homes in providing retirement communities and health services for older adults.