



Building a _____ LEGACY

—THE ANSON PHELPS SOCIETY

Financial and Estate Planning Ideas for Friends of Phelps Memorial Hospital Center

Spring 2006

Giving From the Heart

Although few people are blessed with a perfect memory, most of us recall a priceless friendship that enriched our lives and inspired us to achieve.

Regardless of whether it was a spouse, parent, brother, sister, treasured friend, or favorite teacher, chances are that person's influence still lives on today.

Why not share?

Sometimes words just aren't enough to convey appreciation for such strong and enduring relationships. For many friends of charitable organizations and institutions, "sharing" the spirit and values of a loved one through memorial gifts helps improve the world around us. Such thoughtfulness can also encourage others to make provisions for present and future needs.

Honor your loved ones

What better way to honor the memory of a loved one than by furthering charitable interests you may have shared? Remember, too, that a gift may also be made in honor of a parent, friend, or other loved one on Mother's Day, Father's Day, at the birth of a child or grandchild, on

a birthday, wedding, anniversary, graduation—virtually any time you wish to show how much you care.

All gifts are welcome

Is there someone *you* would wish to honor in such a caring and lasting way? Discover the variety of giving methods that can fit into existing financial and estate plans with ease.

We will be pleased to recommend creative memorial giving ideas that express your admiration in just the right way. Read on for related information about turning possibilities into realities. Celebrate those special to you through a heartfelt gift that supports our work—in their honor.

INSIDE THIS ISSUE

- A variety of gift options for everyone
- Add new life to old policies
- Are your plans up to date?

Consider the Possibilities

Take a few moments to think about the best ways to make your gifts in honor of others.

Gifts of cash: Gifts of cash and by check are the most popular methods of memorial giving.

Other property: Memorial gifts may also be funded with assets such as stocks, bonds, and mutual funds that have increased in value.

Leave a legacy: Many discover that their long-range estate and financial plans provide a thoughtful way to make memorial gifts in honor of others. Read on for more information.



MAXIMIZE YOUR TAX BENEFITS

- Memorial gifts of cash are generally deductible in amounts up to 50% of your adjusted gross income (AGI). Gifts of appreciated assets are generally deductible in amounts up to 30% of AGI.
- When securities and certain other properties you have owned for more than a year are donated, you are entitled to a deduction for their full value, not just their original cost.
- Consider making larger gifts in years when you have more income. The higher your tax bracket, the greater the savings from your gifts.
- Remember to keep your receipts and acknowledgment letters for tax purposes.

A Gift Pocket Close at Hand

Planning for retirement has never been more important than now, and it's a topic that pops up routinely in the news and in a variety of publications.

Retirement fund proceeds, which may represent a substantial portion of your assets, can be viewed as an untapped source, or a new "pocket," from which to make charitable gifts, something you may not have considered before.

Giving from present income

Chances are, you already rely on—or will in the future—retirement income from a combination of sources: IRAs, an employer-sponsored retirement plan, annuities, and other investments, for example.

It may be wise from a tax planning standpoint to make immediate charitable gifts from retirement plan withdrawals. These funds build free of income tax, yet become taxable when withdrawn. By giving them to a charitable organization or institution, however, you receive a charitable deduction that can effectively remove the funds from your income for tax purposes.

Giving "what's left"

You may also wish to include a charitable organization as a beneficiary to receive any unused assets remaining in your retirement accounts when you no longer need them.

You simply stipulate whether you wish for the entire balance, a specific amount, or a percentage of the account to become a charitable gift. Keep in mind that you can provide that a gift be made only if your other beneficiaries are unable to receive the funds. This way you can assure that your heirs' future security is not jeopardized in any way.

To include charitable gifts, see the administrator of your plan. This may be a financial institution (such as a bank or a life insurance or investment company) or the coordinator of your employer's retirement plan.

Making the designation of a charitable final beneficiary can be as simple as completing a Change of Beneficiary form. This can be done when a new account is opened or as part of a rollover.

Or, if you have reached the age when withdrawals from retirement accounts are permitted without penalty or are even required, it may be convenient to make immediate charitable gifts from those withdrawals.

As always, discuss all ideas with your professional advisors before changing plans. They can advise you about different factors and help you explore gift options.

We will be pleased to provide more information on making gifts in this manner.

Add New ‘Life’ to Old Policies

Life insurance helps round out many estate plans. When a couple marries, insurance is often one of their first long-term joint purchases. Life insurance also plays an important role in the benefit plans offered by many employers.

You may not have considered it before, but life insurance policies and annuities can be important sources to fund charitable gifts after adequate provisions have been made for family members and others.

Abundant advantages

- 1. You may be able to make a larger gift than you originally thought possible.** Even a “small” policy that is no longer needed can put several thousand dollars to work through our organization.
- 2. Such gifts can often be made without any “out-of-pocket” cost.** One example: Giving the proceeds from a paid-up policy.
- 3. Your financial security and that of loved ones, both now and in the future, need not be adversely affected.** For instance, you may name an organization as *final beneficiary*, meaning that policy proceeds become a charitable gift only if your primary beneficiaries are no longer living. Or you may prefer naming an organization as *contingent beneficiary* so that it benefits only if a specified event either happens or fails to happen.
- 4. You have the right to change the beneficiaries at any time as long as you own the policy.** This can be accomplished without the expense that can be associated with changing other estate plans.
- 5. If your policy pays dividends, you can assign them as a charitable gift.** These dividends are deductible as charitable gifts in the year they are paid, while you maintain total control over the eventual proceeds of the policy.
- 6. You may be entitled to other estate and income tax deductions from your gift.** Before you plan, check with your advisors. They will know the types of insurance gifts that bring deductions and which state laws and regulations are applicable.

Dedicating a Memorial

For as long as she could remember, Gail Morris had been involved with her favorite charitable organization. This relationship led her and her husband, Mark, to support the organization’s work through volunteering and regular gifts.

At Gail’s death, Mark requested that gifts to that organization be made in her name in lieu of flowers. The subsequent response from friends and loved ones touched him deeply.

Since then, Mark has added a memorial bequest to his will so that his gift can be added to the ones already made by their friends.

Future generations will benefit from these special remembrances of Gail’s generous spirit and her concern for others. For more information on making memorial gifts or bequests, contact us. We will be happy to discuss such gifts with you or your financial advisor.

A Variety of Options

There are several ways to name a charitable beneficiary of a life insurance policy you currently own.

- As a *co-beneficiary*, to share in the proceeds with another charitable recipient or with loved ones.
- As a *contingent beneficiary*, to receive the proceeds if one or more beneficiaries have died.
- As the *remainder beneficiary* of a policy that has retirement value. If you don’t use all the funds available under this plan, you can name a charitable organization or institution to receive the remainder.

When was the last time you reviewed your plans?

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The Importance of Updating Your Plans

Most people find that changes in their plans can become necessary from time to time. Take the following quiz to see how your existing plans stack up against your current needs.

T F 1. I have a will or other legal arrangement for distributing my property.

T F 2. I have not retired from full-time employment since last reviewing my affairs.

T F 3. My marital status has not changed since my last review.

T F 4. No significant increases or decreases in wealth have occurred since my last review.

T F 5. Children or grandchildren have not been born

since my plans were last reviewed.

T F 6. I have discussed my estate plans with my spouse, children, or other appropriate persons.

T F 7. My friends and charitable interests are remembered as I wish in my plans.

This quiz is easy to score; all “true” answers are correct. If you answered “false” to any question, you may wish to discuss that issue with your professional advisor, if appropriate.

We’ll be glad to talk with you and/or your advisor to answer questions or provide information about the benefits of charitable gifts as part of your plans.

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The Legacy of John Beach Lives On

Giving from the heart was as important to John Beach as saying thank you. “He believed in positive thinking” is how Jo Beach describes the man who spent his magazine career promoting positive thinking and who married Jo when she was 75 and he was 81 during the “second act” of their lives. Jo says that John wanted to make a long-lasting contribution to the charitable causes he supported—including Phelps, the SPCA, and the Boys & Girls Club—by naming these organizations beneficiaries in his will. The man who “never missed anyone’s birthday or anniversary” was laid to rest on his own 94th birthday last April. “Everybody loved John Beach,” says Jo with a knowing smile that confirms the legacy of John Beach lives on every day.

Please write to us at our address if you wish to have your name removed from the list to receive fund-raising requests supporting Phelps Memorial Hospital Center.