

Foundations for the Future



A special gift, estate, and financial planning newsletter for friends of the Pine Rest Foundation

Finding a Measure of Peace in Times of Stress

Spring greetings to you from the Pine Rest Foundation! Having served as a fundraiser at Pine Rest since 1965, I have had the distinct pleasure of meeting and working with many people like you who share my passion for the mission and work of Pine Rest.

Many of our meetings have focused on establishing an estate plan. While people are initially reluctant to engage in such conversations, it has been incredibly rewarding to see the peace of mind people experience once a plan is established.

This past fall, I went through an unexpected and life threatening health crisis. During my hospitalization, I took comfort in knowing that I had an estate plan in place. However, when I reviewed it I realized that much had changed since 1994. My estate plan was outdated and some things were no longer applicable. Family needs had changed as well as my personal needs and wishes. My connection with various charities had evolved over the years and these were not accurately reflected in my plan. Now I had these issues to resolve, besides my health, before I could take comfort in knowing my estate was in order.

Looking back on it all, this experience has made me so thankful to God for all He has done for me but also taught me a valuable lesson. Because I had an existing estate plan in place, I only needed to update it. Had my plan been current, my complete focus could have been on my family and regaining my health.



Harvey Rozema

If you do not have an estate plan in place, I urge you to establish one. If you already have an established plan, REVIEW IT YEARLY! I'm grateful to God that my life was spared, and while my future remains uncertain, I am able to spend time with the people I love knowing that my affairs are in order. Do you have the peace of mind knowing that this is true for you?

Do you have questions about establishing an estate plan or what to consider when reviewing your current estate plan? For more information contact Scott Halquist at the Pine Rest Foundation, 616-281-6375 or scott.halquist@pinerest.org.

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.

A Place to Begin When Making or Updating Your Plans

TAX PLANNING POINTERS

- You may currently leave up to \$1.5 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.

When 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.

People Family Friends Charity	Property Investments Real Estate Other
Plans Will Trusts Deeds	Planners Attorney Accountant Others

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.

Special Plans for Special Purposes

Gifts that feature income

As 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 property 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 48% 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’

After 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

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

Along 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. Unfortunately, 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 \$1.5 million and rapidly rise to 48%.
- 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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If you are interested in receiving more information on estate planning, simply complete and mail the enclosed form in the return envelope provided.



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The Pine Rest Foundation exists to provide Pine Rest Christian Mental Health Services with financial resources and community support so its ministry of love and healing in Christ's name can flourish and be enhanced.