

FINANCIAL & ESTATE PLANNING FOR WOMEN

*A brief guide—
with questions and answers*

A. Yes. Such trusts as the “charitable remainder unitrust” and the “charitable remainder annuity trust” will accomplish all these objectives. These trusts return income to the donor for life and, upon the death of the donor, the assets remaining in the trust are distributed to the charity.

Income from such trusts may also be payable to a secondary beneficiary during his or her lifetime. The donor will receive a substantial federal income tax charitable contribution deduction upon the creation of the trust, and will avoid paying income tax on the transfer of appreciated securities to the trust.

Q. Is there anything else I should know about financial and estate planning?

A. Yes. This brochure provides only very general information about financial and estate planning. Not all the ifs, ands and buts can be given in this publication. You should discuss financial and estate planning with your attorney, accountant, trust officer, life insurance agent or other qualified advisors. We would also be pleased to discuss with you the benefits of charitable gifts. Thank you for your interest and support.

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Many people, both men and women, spend little time on their financial and estate planning. As a result, they may find themselves paying more taxes than necessary, investing their assets unwisely or leaving their property to distant relatives.

A little financial and estate planning done now may prevent these problems. An up-to-date financial and estate plan can mean more spendable income, fewer investment worries and the assurance that property will ultimately be passed on to the intended beneficiaries.

While the basic need for financial and estate planning is the same for men and women, there are some special considerations for women, be they married, single, widowed or divorced. This brochure will answer some of the questions frequently asked by women about financial and estate planning—including information on how charitable planned giving can be a part of the process.

QUESTIONS AND ANSWERS

Q. What are some basic financial planning objectives?

A. Obviously, each case is different, but most people should strive to:

1. **Organize** their money and other assets;
2. **Defend** those assets from taxes (income, estate and gift taxes);
3. **Protect** their assets from inflation, recession, or both; and
4. **Preserve** their assets for the benefit of children, grandchildren, worthy charitable organizations and other potential beneficiaries.

Q. I'd like to do some investing in stocks, bonds and real estate, but I don't know how much money I can commit to investments.

A. As a general rule, individuals should think about their assets in five separate tiers, and somewhat in the following order:

1. **Necessities** - e.g., shelter, food, clothing;
2. **Protection of assets** - e.g., insurance;
3. **Emergency funds** - e.g., savings;
4. **Investments**; and
5. **Luxury items** - e.g., boats, vacation homes.

Of course, a luxury item for one person may be a necessity for another; a luxury item may also be an investment. Some individuals want to invest before they indulge in certain luxury items. The answer to this question will ultimately depend upon the personality of the individual investor and how “conservative” or “aggressive” she wishes to be in an investment program. It is generally wise to keep what one absolutely cannot afford to lose in cash or its equivalents. You don't want to have to sell investments under distress conditions.

Q. How important are taxes in financial and estate planning?

A. Very important. Consider taxes and minimize them. But don't make the avoidance of taxes your primary goal. First, decide what you would do were taxes not a consideration and, then, look at the tax implications of your decision. For example, you may decide that a stock you own has done very well and that you would like to sell it, take your profit, and reinvest the proceeds in the stock of another company. After you have decided to do this, look at the tax implications. The capital gains tax you would have to pay on the profit may point toward keeping the stock. Or you may decide that despite the tax you should sell it.

Q. How can I avoid paying tax on the sale of appreciated stock?

A. As a general rule, you can't avoid it. There's a good alternative, though—contribute the stock to a charitable institution or organization. First, you would avoid paying the tax that would otherwise be due on a sale of the stock. Second, you would receive an income tax charitable contribution deduction for the fair market value of the stock. Third, you would be helping the charitable organization.

Q. I'm really not a rich person. I have my home, some savings, a little life insurance and a few other assets. Do I really need to have a will?

A. Yes. Anyone with property who cares about how that property will be distributed at death needs to have a will. If you die without a will, the laws of your state will determine how to distribute your property. For example, suppose you are married and have two children. You will probably want your surviving spouse to receive all or most of your property. Without a will, your state's law may stipulate that your surviving spouse receive only one-third, with each of your children also receiving one-third.

Q. Are there potential estate tax benefits for including a charitable institution or organization as a beneficiary in my will?

A. Yes. A charitable bequest or devise through your will is generally fully deductible for estate tax purposes. With estate tax rates of approximately 40% to 50%, this could significantly reduce the federal government's share of your estate—while you provide meaningful charitable support. See your attorney for details.

Q. I understand that there are trust arrangements that I can create during my lifetime that will provide me with income for life and substantial tax savings while still helping a charitable institution or organization. Is this really possible?