



PROFILES *in* Generosity

WINTER 2012


KENDAL CHARITABLE FUNDS NEWSLETTER

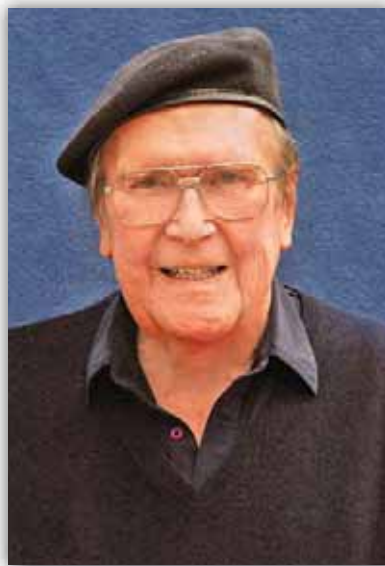
PLANNED GIVING EXPERTISE AT OBERLIN

Dave Clark has been Kendal at Oberlin’s planned giving adviser for more than a decade, continuing his passion for funding good work that has spanned 50 years. As Dave tells it, he is an “accidental” fund raiser. “Nobody plans that career,” he opined; but opportunities opened up for him in some pioneering, career-shaping ways, and he made a life of helping people analyze what is important to them, and acting on those values.

A few years out of seminary, he took a one-year position at Oberlin College in the development office. He discovered an aptitude for the technical parts of the profession, and found that the work with people met his desire to do ministry. He could help organizations doing significant work intersect with donors who had a desire to give or give back, and the role was satisfying. Then came legislative changes implemented in the early 1970s. Dave played a pivotal

role in shaping the new philanthropic opportunities, working with the Internal Revenue Service (IRS) on new regulations, teaching and training nationally, and publishing the first book on the subject, *The Guide to Administration of Charitable Remainder Gifts*. Afterward, he returned to Oberlin College for 17 years as Vice-president for External Affairs, where he broke ground again, using real estate to fund planned gifts so successfully that the college received nearly 400 houses to fund planned charitable gifts!

Barbara Thomas, Executive Director, knew Dave as a founding board member of Kendal at Oberlin, and she convinced him to work with the community to educate residents about the potential to do well by doing good. For more than a decade, Dave has played this key role. Even as a resident for the past five years, Dave has continued the sensitive consulting services he provides. 



*Kendal at Oberlin resident
Dave Clark*

DO YOU HAVE SUFFICIENT ASSETS TO MAKE A PLANNED GIFT?

Dave Clark says, “Planning makes giving satisfying.” Whether or not you can afford to make a gift will emerge from following this five-step analysis, which is about the values that have shaped your life.

1. Analyze what is really important

to you and where you really want to make a difference.

2. Group all your top interests to support: such as health, the environment, peace, international aid.

3. Select an arrangement for leaving

a legacy that appeals to you.

4. Think about the real needs of your family, and the situation of your own individual portfolio and total assets.

5. Consider your income in the future.

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HOW MUCH IS ENOUGH?

We received many responses to our spring 2011 article “Planning—The Key to Leaving a Personal Legacy.” You shared that you want to support charities and causes you believe in, but you were having difficulty figuring out:

- “How much is enough?”
- “How much is enough for me/us to live on, so the rest could go to family or charity?”
- “How much is enough for my children, so that I know what I have left for charity?”

When considering the question of how much is enough, the first places to go for advice are your professional advisers. There are many players involved, and each has a role to play. For example, your estate planning attorney’s role is to ensure that assets get passed as you wish at the lowest tax cost possible. Your insurance agent should help you protect against risk. Your investment adviser should suggest ways to invest to provide for your current and future needs. In most cases, your financial planner should be the “quarterback” of the team, coordinating the efforts to ensure that all of your goals, needs and dreams are met.

While each financial planner has his/her own approach, a good financial planner will usually suggest that you ask yourself some variation of the following three questions:

1. Are we OK?

2. Is our family OK?

And

3. Is our community OK?

1. ARE WE OK?



Before you can consider what you might leave for your family and community, you need to provide for your own immediate needs. Start by answering the following two questions.

How much income do my spouse and I need in retirement?

This should be a realistic number to maintain your lifestyle wants and needs. You worked hard your whole lives to reach retirement and now there should be sufficient resources to enjoy it. This figure is truly unique for each person/couple, so consider it carefully. You will want to budget for your basic needs, lifestyle wants (travel, visiting grandchildren, hobbies), continued accumulation of wealth (many retirees spend as much time retired as they did working these days) and, finally, legacy creation.

How will I generate my retirement income?

Most retirees rely on four different sources of retirement income. The most common is guaranteed income from a pension or annuity, plus Social Security benefits. Next is variable income from a bond fund, dividend producing investments, or a qualified retirement plan. A third source of retirement income is the liquidation of assets such as vacation homes, boats and stocks. The final source is the liquidation of other remaining assets and life insurance policies. You and your financial planner likely already have a good idea of where your retirement income is coming from.

You should keep in mind some of the risks to retirement income that may impact your planning including longevity (you live longer than expected), increased taxes, inflation and market volatility. Residents of continuing care retirement communities, of course, do not have to worry about health care and long-term care costs.



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2. IS OUR FAMILY OK?

Once you and your spouse are OK, what does it mean for your family to be OK? While it is not universal, many people want to leave some type of inheritance to their family and those close to them. This typically involves your estate planning attorney, your insurance agent, your investment adviser and your financial planner.

The first step is to determine if you are subject to estate tax. As we discussed in the spring 2011 *Profiles in Generosity*, many people discover they are “unexpectedly” subject to federal estate tax, state estate and inheritance taxes—or potentially all three—simply because their assets when added up are worth more than they thought. This is a good thing, but a little tax planning can go a long way to ensure that you protect your assets from taxes and that you decide where your assets are directed.

Once you know that you have assets to distribute to family, the next step is to determine how much and what to leave for each heir.

Fair means different things to different people. Some families believe that being fair means that each child

gets an equal inheritance, regardless of that child’s work history, health or financial situation. Other families believe that you should leave an inheritance to each child appropriate to that child’s needs. In the end, only you can decide what is fair and makes you feel comfortable.

Whatever decision you make, consider sharing it with your family. As you determine an inheritance for heirs, you may need to do multigenerational planning. For example, your financial adviser may suggest that you set up Section 529 college savings accounts for each grandchild, to ensure that educational expenses are covered or offset. If you own a family business, there will need to be an exit strategy or a succession plan, perhaps including grandchildren.

You will also want to protect assets going to family from potential risks. For example, what if your daughter has a car accident and is subject to liability? Your advisers can recommend structures for your assets to ensure that they are protected and get to your heirs so that someone cannot take them away later. 🕊



3. IS OUR COMMUNITY OK?

With your own needs addressed and your family cared for, you can then address the question of your community. Additional assets are available to give to charities—causes you believe in.

For many families, the opportunity to give back to the communities that nurtured their families or to those charities making a difference is an important part of their legacy.

Most Americans believe that giving back is a key aspect of their long-term planning, whether it is

to their religious faith, educational institutions, community groups or civic organizations. Once you know that other aspects of your life have been addressed, making gifts to support your community becomes an easy decision.

In some cases, families tell us that they would like to help charities, but are not in a position to do so. Fortunately, there are charitable giving tools that allow families to be charitable and also meet personal planning needs. These tools can provide income in

retirement, provide income to an elderly parent or loved one, provide for grandchildren's education, maximize the inheritance of children or grandchildren, and more.

Each tool allows families to make important charitable gifts, while also being comfortable knowing that their needs and those of their family are being met. It is a true win-win, since personal planning and charitable goals are met in creative ways, ensuring that you know how much is enough. 🕊





IS A CHARITABLE GIFT ANNUITY RIGHT FOR YOU?

A charitable gift annuity is a creative charitable giving tool that allows a donor to provide income to one or two people for life, with the remaining amount at maturity supporting the issuing charity. Attractive payout rates, secure income for the life beneficiaries, and a current income tax charitable deduction make gift annuities very popular among those over 60. Once you make a gift to fund a gift annuity, it is irrevocable. This means that the charity owns the assets given to fund the annuity and you cannot get them back. You are entitled by contract to your payments, for the lives of as many as two beneficiaries.

When considering a gift annuity, you should ask the following questions:

1. Do I need additional income in retirement? Will the gift annuity replace the income I am losing from the funding asset? Gift annuities are wonderful tools if you need supplemental income. If your needs are well taken care of, you may want to consider an outright gift to the charity. If you are unsure you have enough (see our article "How Much is Enough" in this issue), then giving away your assets for a gift annuity may not be the ideal choice for you. It is always helpful to consult with your financial adviser before setting one up.

2. How often will I get payments?

Gift annuity payments can be monthly, quarterly, semi-annually or annually. Each charity has its own policies about how often it is willing to make payments. Make sure that the payment schedule fits your financial situation.

3. What rate will you pay me?

Most charities use the rates proposed by the American Council on Gift Annuities. These rates are set by an actuary to comply with state regulations and help ensure that approximately 50% of your original gift amount is left for charity at the end of your annuity. Charities that offer higher rates than recommended risk running out of funds, and then your charitable purpose will not be fulfilled.

4. When is the best time to fund a gift annuity?

Gift annuity rates go up on your half-birthday. A savvy donor will wait until just after his or her half birthday to get the best available rate.

5. Is the charity financially stable?

You might be surprised to learn that regulation of charitable gift annuities is actually fairly limited and varies from state to state. A gift annuity is a general

obligation of the charity issuing the annuity. This means that if the charity uses your entire gift to make payments to you, they then are required to use their unrestricted assets to make payments to you on the contract. Be sure that the charity you choose is meeting state requirements for gift annuities and has sufficient unrestricted assets to make your payments, even if something goes wrong. Fortunately, there have been very few defaults on charitable gift annuities. Most charities are looking out for the best interests of their donors.

6. What can I use to fund a charitable gift annuity?

Cash, stocks, mutual funds and real estate are among the assets that may be used, depending on the charity's gift acceptance policies and the particular annuity that you are considering.

By asking a few questions, you can ensure that your gift provides you with secure income for life, while also making a real difference for a charity you love. For more information about Kendal charitable gift annuities, contact the executive director in your community, or Cheryl Wade at Kendal Charitable Funds, cwade@kcorp.kendal.org.

Kendal at Granville: In the last quarter of 2011, Kendal Charitable Funds issued Charitable Gift Annuities valued at approximately \$90,000 for the ultimate benefit of Kendal at Granville.

Kendal at Lexington's Board of Directors designated \$50,000 in September 2011 to establish the Barbara Brown Employee Education and Development Endowment. An exemplary member of the Board from 2005 until her death in August 2011, Barbara made education her life's work. A resident pledged \$10,000 toward the endowment in 2011, coupled with a pledge of future contributions. The administrator of Barbara's charitable trust fund also pledged \$10,000 for 2011, with plans for additional contributions in coming years.

Kendal on Hudson: A generous donation—a gift to celebrate a life and advance a profession—has been made in honor of Ginny Blake, a Kendal on Hudson resident who recently passed away in the Clearwater skilled nursing community. Ginny was a Registered Nurse and to honor her memory, her husband, John, has made a gift to Kendal on Hudson's Philanthropic Fund specifically to provide tuition assistance to staff studying nursing.




Ginny Blake



Kendal at Oberlin welcomed its first Kendal Legacy of Friends members on June 4, 2011, by expressing appreciation and remembering their generosity.

This inaugural event, an initiative of the Kendal at Oberlin Committee on Philanthropy, recognized a broad group of supporters whose provisions to support the ongoing charitable work of Kendal constitute "above and beyond" giving.

Collington: Kendal Charitable Funds successfully registered in the state of Maryland to issue Charitable Gift Annuities in the fall of 2011, and the first Charitable Gift Annuity has been issued to ultimately benefit Collington.

Interested in more stories? Visit the Planned Giving pages on any Kendal affiliate's website. There you can read testimonials and look at Gifts that Pay You Income, Gifts That Protect Your Assets, and Gifts Anyone Can Afford. You can also access Goals and Benefits to compare different ways to make a charitable gift. Or visit www.Kendalcharitablefunds.org for planned giving calculations. **Take a tour!** 

WHAT DIFFERENCE CAN \$10,000 MAKE?

The examples below assume an applicable discount rate of 3.0% and are effective until July 1, 2012.

Single Life Deduction and Tax Tiers (\$10,000 Gift)					Two Lives ^o Deduction and Tax Tiers (\$10,000 Gift)				
Age	Payout Rate	Annual Income	Tax-Free Portion*	Charitable Deduction	Age	Payout Rate	Annual Income	Tax-Free Portion*	Charitable Deduction
70	5.8%	\$580	\$402	\$3,605	70	5.2%	\$520	\$354	\$2,753
75	6.5%	\$650	\$471	\$4,162	75	5.7%	\$570	\$406	\$3,347
80	7.5%	\$750	\$566	\$4,685	80	6.3%	\$630	\$469	\$4,039
85	8.4%	\$840	\$699	\$5,447	85	7.4%	\$740	\$578	\$4,511
90+	9.8%	\$980	\$807	\$6,047	90+	8.8%	\$880	\$708	\$5,041

* Tax-free income will be received for a period of time specific to the life expectancy of the beneficiary(ies). These numbers are based on an example of a \$10,000 gift with one income beneficiary.

^o For two lives, when both beneficiaries are the same age. Copyright © 2011 Deborah Blackmore Abrams