



Friends Home LEGACY

A Newsletter on Financial, Estate and Gift Planning

Welcome to the newest publication of Friends Home - Legacy! This newsletter is dedicated to helping the reader better understand financial, estate and gift planning. Because people often want to be remembered for the positive impact they had on others' lives, the purpose of this newsletter is to raise awareness of ways in which you can leave your legacy. Friends Home is dedicated to providing quality Quaker care and wants to show you how to make a planned gift that will help further this mission. May you find the information provided in this publication helpful as you decide what your legacy will be.

Your Footprints

Everyone leaves footprints on the sands of time. Our prints are made by the imprints of our lives on others. A person is remembered for the weight of his or her character. For marks of accomplishment. For shapes of kindness. For length of compassion. For width of personal warmth. For generosity. For values.

When we leave positive impressions behind, we enhance the lives of our friends and loved ones. We give them footprints to follow. Thoughtful estate planning is one means we have to make a print in the sand, to help others recall our priorities. For example, consider the effect of a plan that includes provision for family members and resources for organizations like Friends Home.

An estate gift makes a positive statement.

When you include Friends Home in the final disposition of your estate, you declare to your family and friends that you believe in and care about the mission of Friends Home. Your parting gift becomes a clear declaration of your values.

An estate gift provides needed funding.

Estate gifts are especially valuable, not only because they tend to be larger than annual gifts, but because they often come at critical times. They provide that extra boost to the budget that can make the difference between program advancement and program retrenchment. Estate gifts can be designated for a specific purpose or they can be unrestricted for use where needed most. They can fund endowments that perpetually provide an ongoing witness to your friends and loved ones that you believe in the work of Friends Home.

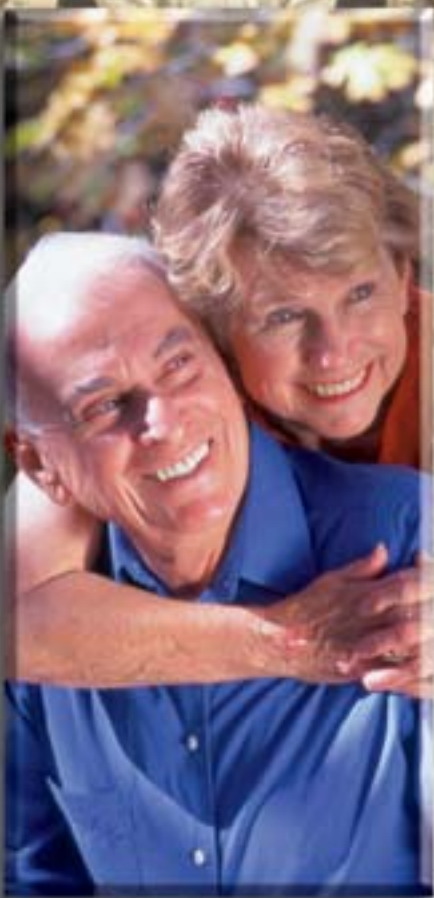
An estate gift encourages imitation.

There's something about a well-planned estate gift that influences others to "go and do likewise." As friends and family members plan their own estates, they may recall your generosity and thoughtfulness. Your gift may unlock resources for Friends Home from other estates.

*No person was ever honored
for what he received.*

Honor has been the reward for what he gave.

- Calvin Coolidge





We make a living by what we get,
but we make a life
by what we give.
- Winston Churchill

We're Giving Friends Home Our Kids' Inheritance

You've probably seen the bumper sticker behind an RV that reads, "We're Spending Our Kids' Inheritance." Upfront, a gray-haired driver jockeys the vehicle down the road toward a warmer climate. Grandma and Grandpa are having a ball and don't mind poking fun at the idea that they should live conservatively so they can leave more money for their children.

Not everyone feels that way. Many seniors are eager to leave their offspring a nice nest egg. They remember the tough times they had and want to make life a little easier for the next generation. They want to pass their hard-earned wealth on to their family. So when they are confronted with the idea of giving some of their wealth to a worthy organization like Friends Home, they balk. "If I give these assets to Friends Home, I won't be able to transfer them to my own family."

Truth is, you don't necessarily have to decide between Friends Home and your family. There are ways you can give to Friends Home without jeopardizing your family. Consider these possibilities:

Insurance. Some donors use life insurance to replace the wealth they give to charity. A second-to-die policy placed in a special trust can be quite reasonable and provide the beneficia-

ries with proceeds that approximate the amount given to charity and which are also not subject to estate tax.

A Lifetime Charitable Trust. You can establish a charitable trust now and receive income for the remainder of your life, and then have the income directed to your children. At the end of the trust, the principal will go to charity.

A Testamentary Charitable Trust. This high-sounding option simply refers to a trust that is established through your will when you die. You can arrange for income to be paid to Friends Home for a limited time and then have the principal go to your loved ones. Or, you can provide income to your loved ones for a limited time and then have the principal go to Friends Home. In both cases, estate taxes will be reduced.

These special planning tools are not for everyone, to be sure. But for persons with sizable assets, they can provide a means to benefit family members and charity without taking away from one or the other.

Who knows . . . maybe you'll want to create your own bumper sticker. Here's a puzzler you might use: "Our Kids Will Get Their Inheritance When We Give It to Friends Home."

T . R . U . S . T .

Ever scratch your head over the subject of trusts? What are they? How do they work? Here's an acronym to help you sort things out: T.R.U.S.T.

The T stands for Trustee, the person who creates the trust. This is where it all begins. A generous, thoughtful, charitably minded individual or couple decides to use a trust to benefit themselves and others. People who include Friends Home in a trust do so because they believe in our mission and want to provide future support.

The R stands for Recipients, the beneficiaries of the trustor's generosity. For each trust, there are generally two groups of recipients:

income recipient(s) and remainder recipient(s). The charity can be designated to receive either income or the remainder, depending on the nature of the trust. When a trust benefits a charitable organization like Friends Home, there are tax benefits for the trustor.

The U stands for Understandings, the written documents that establish the trust. This collection of instructions and requirements abides by (and incorporates) a set of federal and state laws. Because it's important that the understandings are prepared properly, we always encourage trustors to seek independent counsel when

establishing a trust. It's a good idea for trustors to meet with their attorneys and accountants to discuss the trust and its relationship to the overall financial picture.

The S stands for Substance, the assets placed into the trust. Notice we didn't say "money." That's because trustors can use various assets to fund a trust, including raw land, insurance, a house, or stocks and bonds. It's a good idea to use assets that have increased in value since you first acquired them because you can avoid capital gains taxes. Another wise option is to use assets that have value but produce little or no income

Remember that when you leave this earth,
you can take with you nothing that you have received-
only what you have given.

- St. Francis of Assisi



Understanding the Benefits of Gifting

By Ana Barnett

Everyone enjoys the feeling of importance that can be obtained from making a monetary gift to a charity but not everyone knows that such feelings can be greatly enhanced with the gift of appreciated long-term securities. "How so?" you might ask. Well, when you gift appreciated securities to a charity, you not only benefit the charity, you benefit yourself.

As a general rule, appreciated long-term securities donated to a charitable organization can be claimed as a charitable contribution (subject to limitations) for the full fair market value of the securities on the date of the contribution. When you gift appreciated securities, you avoid paying tax on the capital gain of any appreciated securities you would have sold in order to make a monetary gift. You also enjoy the benefit of a larger charitable contribution.

Here's how it works: Five years ago, John Smith bought some stock in XYZ company at a cost of \$1,000. Since then, the shares have appreciated in value to \$10,000. By gifting that stock, John is able to give \$10,000 to charity (at a cost to him of only \$1,000) and can typically take a \$10,000 tax deduction (subject to a 30% of Adjusted Gross Income (AGI) limitation with the excess carried forward five years). Furthermore, John doesn't have to pay any capital gains taxes on that sale.

Of course, most people don't give to charity for their own financial benefit. But understanding the alternatives to cash donations may help you increase or enhance the effectiveness of your gifts.

Ana Barnett is a Financial Advisor of Legg Mason Wood Walker, Inc, a diversified securities brokerage and financial services firm that is a member of the New York Stock Exchange, Inc. and SIPC.

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for you. Through the trust, these assets can be sold and turned into assets that produce higher income.

The final letter, **T, stands for Trustee**, the person or organization that oversees the trust. The trustee is legally responsible for making sure that the understandings in the trust document are prudently honored under the umbrella of all applicable state and federal laws. When choosing a trustee, select a person or organization you can trust to fulfill your wishes far into the future.

Be Will Prepared

"How do you like your steak?" the waiter asked.

"Will done," I answered.

He looked at me strangely and inquired, "Are you feeling okay?"

"Why yes, I feel perfectly will. Thank you for asking."

His puzzlement increased. "Are you sure you're okay? Your speech is odd. Instead of saying 'well' you say 'will!'"

"Will now, my observant friend," I said, "you are a will-trained waiter to notice such a thing."

"It's part of my job, sir. By the will - er, I mean, way - would you like mushrooms with your will-done steak?"

"Yes, and may I ask your name?"

"They call me Willard."

"You know, Will," I continued, "it's a will-documented fact that most people do not have a valid will. Would that, perchance, include you?"

"I'm sure you mean will - er, well . . . uh, or is it will? - anyway, this subject gives me the willies. And yes, I admit, I do not have a well - I mean will."

"Will now, Willy, don't stand there stammering. Will you go out and get a will first thing tomorrow?"

"Yes sir, I well. Thank you."



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Giving That Gives Back To You

A charitable gift annuity is a simple contract between you and Friends Home that is easy to establish. Payments to you, the donor, are fixed for life regardless of the economy or stock market. In times of low interest rates and an uncertain stock market, a charitable gift annuity can provide you with the security you need while giving a gift to Friends Home so we can give future residents the care they'll need. The donor receives:

- * Immediate tax savings
- * A lifetime stream of fixed payments
- * Tax-exempt status for a portion of the annual payment you receive

* Substantial savings on estate taxes; money in a gift annuity generally is not included for estate and inheritance tax purposes

* The feeling that goes with making a future significant gift to Friends Home

Friends Home would like to show you how a charitable gift annuity can work for you. We can show you detailed, confidential illustrations that outline the income to you and the likely tax implications, with no obligation.

Why wait? Call us today!

Legacy is written and edited by Tom Smith, Director of Institutional Advancement at Friends Home. If you would like further information on any topics discussed in this newsletter or on making a gift to Friends Home, please contact Tom at 856.769.9000 or send an e-mail to fhfuture@fhaw.org.

FSA
Friends Service for the Aging

AAHSA | American Association of Homes and Services for the Aging

NJANPHA New Jersey Association of Non-Profit Homes for the Aging

FIVE WEBSITES THAT CAN ANSWER YOUR QUESTIONS ABOUT PLANNED GIVING

- www.pgresources.com
- www.acga-web.org
- www.nonprofits.org
- www.deathandtaxes.com
- www.premieradministration.com/glossary.htm