Fall 2008

Giving Thoughts

Planning Today For Clearbrook Tomorrow

Grateful Parents Give Back

When Sue and Jim Hitchcock decided to become foster parents 40 years ago, they knew the kind of commitment it would take—Sue's own parents had fostered as well. "Because there was in an influx of handicapped children who needed homes at that time," says Sue, "we started fostering special needs children."

Foster care led Sue and Jim to adopt four children. Currently, their large family includes one biological daughter, one developmentally challenged son living in a residential setting, and three children living at home, including Linda, 40, who has cerebral palsy.

Needless to say, taking care of family is top priority for Sue and Jim. That's one reason why, when looking for residential care for Linda, the Hitchcocks turned to Clearbrook. "Clearbrook has always been well-regarded in the Chicago area," says Sue. "Linda is now waiting for her spot in Clearbrook's Community Integrated Living Arrangement to be ready. We are so glad that she can move to the CILA while we are close enough to visit and help ease her into this next stage of independence."

Before she received her spot in Clearbrook's residential program, Linda was placed on a waiting list with over 600 others. During this waiting period, Clearbrook "took the initiative to enroll Linda in their LIFE program," Sue says. "For 15 hours per week, a wonderful counselor named Ro came into our home and worked with Linda—helping her choose foods she could feed herself, assisting her with bathing herself, even making sure she paid attention as she crossed the street." Jim praises the LIFE program as well, noting that "it opened up Linda's social world, too."

While they were updating their long-range plans, Sue and Jim decided to designate a percentage of their estate to Clearbrook in their living trust. "When you make your estate plans, you want to offer your children something for the future," Sue says. "We can do as much as we can for Linda now, but somebody has to be there for her in the future. We know Clearbrook is there to help."

"It was an easy gift to make," says Jim. "And we feel good knowing that this gift is not just for Linda; it's for all the developmentally challenged children who will be helped by Clearbrook."

The Hitchcock family (back row from left to right): Don, Jim, and Sue; (front row from left to right): Shana, Linda, and Holly.

Exploring Options as You Plan

When considering economic and financial plans, it can be helpful to think in terms of three phases of life.

The earning years

As a young adult, much activity is devoted to earning income for yourself and those who depend on you, while saving as much as possible for the future. At this point in life, many choose to share a portion of their earnings with others through their charitable gifts on a regular basis or in response to a special request.

Managing assets

During the middle years of life it is important to continue to earn and save, but for many it is also a time to manage what has already been accumulated. Investing through retirement plans, insurance programs, and other means can become a central part of economic life. This can also be a time to make larger charitable gifts from income and assets as financial security increases and other priorities are met.

Planning for the future

Retirement is the time when a person enjoys income from the assets accumulated earlier in life. While still preserving assets for coming years, many people devote more thought during retirement to how they would like to distribute their assets to others in the future. Charitable gifts can be an important part of this process.

Regardless of your stage in life, regularly updated plans can lead to peace of mind and a greater sense of well-being.

Read on to learn how your plans can live with you and help fulfill your personal, financial, and charitable goals over time.

Is It Time for a Planning Checkup?

Take a moment to consider if your plans are up to date. How long has it been since you:

- Reviewed your will and other plans to make certain they still reflect your wishes?
- Considered who would be the beneficiaries of your life insurance and/or retirement plans?
- Checked to ensure that property is owned jointly with others where appropriate?
- Made certain that someone has the power to act for you in your financial affairs if you are unable to do so?
- Took time to assure that your heirs will not pay unnecessary taxes and probate fees?

A Glossary of Terms

- *Beneficiary*–Person who benefits from a trust, life insurance policy, retirement plan, or certain other assets.
- *Estate*–All property you own in any form that will someday pass to loved ones and/or charitable interests.
- *Executor*–Person chosen to settle an estate. Sometimes referred to as a "personal representative."
- *Joint ownership*–A way of owning property that allows it to pass to a survivor outside the probate process.
- *Living will*–A document that records your wishes regarding extraordinary means of life support.
- *Power of attorney*–A legal document that empowers others to take economic action on your behalf if you are not able to do so.
- *Trust*–A means to provide for ownership and management of property on a temporary basis.
- *Will*–An "instruction sheet" to guide others in how you wish your property to be distributed at death.

The Planning 'Toolbox'

The will is one of the first tools that comes to mind when thinking about effective planning. Other ways of distributing property can help round out your estate plan and minimize taxes and probate expenses.

The **living trust** is a popular plan. Assets (including securities or other property) can be placed in such a trust and managed according to your instructions. When the trust ends (usually at the end of one's lifetime), the assets are managed or distributed as the trust directs, often avoiding the probate process. The trust provisions may usually be changed, or "canceled," at any time during life.

Through **joint ownership**, property can pass directly to another owner at death, free of the delays and expense of probate. While joint ownership can be useful, it is never a substitute for a good estate plan.

Pay on Death and **Transfer on Death** provisions may also be used to transfer bank or brokerage accounts to individuals or charities upon your death.

Giving property away during life to loved ones and charitable interests can reduce the size of the probate estate and perhaps save estate taxes that may be due. Such gifts may call for a change in your will and other plans.

Life insurance policies and **retirement plans** offer the opportunity to accumulate assets and make meaningful gifts that may also pass outside of probate, free of estate taxes under certain circumstances.

These planning tools typically function in concert with a will. If you do not have a will, your estate may forfeit possible tax savings and incur unnecessary delays and expense.

Keeping Your Plans Up to Date

Your will and related plans should be reviewed regularly to assure they reflect changes in finances, family circumstances, tax laws, and other factors.

Financial picture

You may sell or give away property that was originally allocated to others in your will or acquire new property that is not accounted for in your estate plans. This may call for changes in how you decide to provide for your family, special friends, and charitable interests.

Family situation

Births, deaths, and changes in marital status can greatly affect your plans. Loved ones who were dependent on you at one time may now be independent, while others may now need greater assistance.

Federal and state laws

State laws govern wills and are subject to change. Federal and state tax laws can also have an impact on the way you and your advisors choose to structure your plans. This is a major reason to review your plans periodically with the assistance of your tax advisor.

Providing Support for Your Loved Ones

There are many ways to make meaningful charitable gifts while securing income for yourself and/or loved ones.

It is possible to arrange for a fixed income or an income that can fluctuate over time.

Such plans can feature significant estate, capital gain, and income tax savings.

More information on these alternatives is available upon request.

Adding a Charitable Dimension

As we have seen in the preceding pages, there are many ways to include charitable gifts as part of your long-term estate and financial planning.

Here are suggestions of forms a charitable gift can take, whether left by will or through the use of other planning tools:

Fixed amount: A specific dollar amount may be given. This can be a useful alternative when funding a particular need.

Percentage: Providing for a percentage of your estate to be used for charitable purposes allows your gift to remain in proportion to the size of your estate.

Specific property: It can be good tax planning to leave jewelry, antiques, or collections of value to charitable recipients. Securities, real estate, and other property can also be given through your estate.

Contingent: A contingent gift occurs only if other beneficiaries are unavailable or in the event of a specific occurrence (such as the prior death of a loved one). Unless a contingent beneficiary is named, your property might pass to distant relatives you may not even know. Charities are often named as contingent beneficiaries in wills, revocable living trusts, and other estate plans to receive property when other heirs are not there to do so.

Residue: This is a gift of what remains in an estate after other distributions have been fulfilled.

Whatever form you choose for your gifts, make certain that the correct legal names of the intended recipients are used in order to avoid confusion and unnecessary delays.

After providing for loved ones, it can be possible to make a "gift of a lifetime" through your financial and estate plans.

For more information on ways to include Clearbrook in your estate plans, please return the enclosed reply card or call Kelly McGraw at (847) 385-5014.

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Learn How to Plan Today For Tomorrow

Visit our Web site at www.clearbrook.org and click on "Get Involved" located on the blue bar to the right. Scroll down and click on "Learn More About Planned Giving."

You'll find a resource for estate and charitable planning. **Discover** how and what to give. **Learn** how to reach your goals like providing for your family and leaving a gift to the organizations and institutions that you value. **Read** more about gifts that provide income. **Compare** the benefits of various ways to give. **Understand** the benefits of Wills and Living Trusts. **Gain knowledge** of information helpful for your advisors.