



GIVING THOUGHTS

Planning Today For Clearbrook Tomorrow

A Second Home, a Place of Comfort

When Hilde Lichter recalls her early married years in Chicago, she laughs as she remembers the road trips she and her husband took with their best friends, Helga and Heinz Groth. “We had all emigrated from Germany, and we wanted to see the Midwest. So on the weekends, the four of us would pack up and drive somewhere,” Hilde says. “We put 36,000 miles on our car during those trips!”

These close friends even started families together. When the Groths had their daughter Karen, Hilde was honored to be her godmother. “Helga and Heinz thought they couldn’t have children, so we were all so happy when Karen was born,” Hilde says.

But their happiness turned to worry when, at 10 months old, Karen was diagnosed with a brain tumor. “Karen underwent surgery to remove the tumor, which was very invasive in those days,” Hilde recalls. “We all hoped Karen would completely recover, but she had significant brain damage.”

Hilde says Heinz and Helga raised Karen at home, moving to the Des Plaines area so she would have access to schools for children with special needs. However, as Karen got older, it became clear to the Groths that they “needed a place where Karen would get better help and would be more occupied. It was becoming too hard for Helga to handle Karen alone while Heinz was at work,” Hilde says. That’s when they turned to Clearbrook.

Clearbrook provided a second home and a place of comfort for Karen, along with peace of mind for both Helga and Heinz. At Clearbrook, Karen enjoyed participating in bowling, Special Olympics, and the Workshop Program. Hilde says, “Every time I visited her, I had the feeling that the staff at Clearbrook really cared—not just for Karen, but for everyone living there.”

Sadly, Karen passed away in 1999, followed in 2004 by Heinz. Last year, Helga succumbed to cancer. Hilde, as executor of Helga’s estate, was not surprised that Helga decided to remember Clearbrook with a significant portion of her estate, which was in excess of \$1 million.

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Helga and Heinz Groth with daughter, Karen

What, When, and How to Give

As you consider how best to make your charitable gifts this fall, you may want to pay special attention to what to give and the timing of your gifts.

What to give?

Because you do not pay income tax on gifts you are allowed to deduct, you may be able to make larger gifts at lower after-tax cost. The property you choose to give can make a difference as well

Cash and checks are the most popular ways to make charitable gifts. When such gifts are deducted on your federal tax return, it can be possible to eliminate tax on up to half of your adjusted gross income (AGI). Larger gifts may be used to reduce taxes in up to five additional years.

In addition, unlike certain other deductions, charitable gifts are deductible from both regular and alternative minimum taxes.

Tax-efficient giving

As you consider your gifts this fall, keep in mind that securities and certain other assets that are worth more than they originally cost are generally deductible at their full current value.

In other words, you are allowed to deduct not only what you paid, but also any “paper profit” or gain in the investment. As a result, you receive two benefits:

1. A tax deduction based on full current value.
2. A bypass of capital gains that would otherwise be due on a sale.

These gifts are deductible in amounts up to 30% of your AGI.

For example, Mark and Susan normally make charitable gifts in the

form of cash. This year they decide to instead give stock that is still worth nearly twice what they paid for it. They are then able to deduct the full value of the stock while completely eliminating capital gains tax.

Give stock and “keep” it

Martha owns securities that have grown in value but hesitates to use them to fund a gift as she believes they may further appreciate in the future.

Instead of giving cash this year, Martha is advised to make a gift of these securities. She is then entitled to a tax deduction for their full value. Martha can then use the cash she was otherwise planning to give to repurchase the same number of shares of the same stock at the current market price.

She now owns as many shares as before, but with a new, higher cost basis. If the new shares increase in value, she will have less gain to report when she eventually sells the stock. If their value declines, she may be able to deduct her loss for tax purposes.

Make the most of losses

If you have investments that have *decreased* in value since you have owned them, consider selling them, creating a loss you may be able to deduct, and giving the cash proceeds. This can result in tax deductions that possibly total more than the current value of the investment. The losses realized in this way may be used to offset other gains you may have incurred.

Check with us or your advisors for more information about tax-favored gifts of securities and other appreciated—or, in some cases, depreciated—assets.



Tax Planning Pointers

- If you itemize your deductions, you may deduct cash gifts totalling up to 50% of your adjusted gross income (AGI).
- Gifts of appreciated securities and certain other assets may be deducted at full value in amounts up to 30% of your AGI.
- Excess deductions can be used to reduce taxes in up to five future tax years.

Tax-free IRA Giving

If you are like many, a large portion of your assets may be held in the form of Individual Retirement Accounts (IRAs) and similar retirement plans. Did you know that such funds may actually represent a convenient “pocket” from which to make charitable gifts?

Special opportunity

If you are 70½ or older and have a traditional or Roth IRA, you may be pleased to learn of a special opportunity. This year, you are allowed to make gifts directly to charitable recipients from these accounts on a totally tax-free basis. Amounts up to \$100,000 may be given in this way.

Taking advantage of this opportunity can be especially attractive if withdrawals in past years have caused your Social Security income to be taxed at higher rates, if you have reached the limit for the amount of charitable gifts you can deduct, if your state does not allow deductions for charitable gifts, and in certain other circumstances.

Deadline approaching

Unless Congress acts to extend it, this special tax planning incentive will expire at the end of 2009. Check with your plan administrator or other advisors for more information.

Review Estate Planning Options

It now appears certain that federal estate tax laws will be changing. As a result, it may be time to review your long-term plans, with special attention to how changes may affect you and your loved ones. Charitable gifts can be made from arrangements you may already have in place, or you may choose to use special tools that feature current tax savings, increased income, and other benefits.

Gifts from existing plans

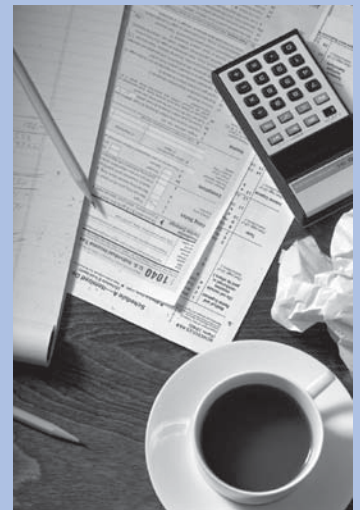
You can make meaningful, lasting gifts in one or more of the following ways:

- Through your will or living trust.
- By making a charitable interest a beneficiary of all or a portion of the remainder of retirement plan accounts.
- By giving a share of the proceeds of life insurance policies no longer needed for their original purpose.
- By designating beneficiaries of bank or brokerage accounts.

Other options

There are also ways to give that enable you to make charitable gifts today while retaining income or the use of property for yourself and/or your loved ones. You may benefit from professional asset management as well as capital gain and other tax savings.

Please don't hesitate to contact us for more information at no obligation.



A Second Home...

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“All their lives Helga and Heinz were very frugal, but I couldn't believe how much their estate was worth! I always knew that they thought very highly of Clearbrook and were grateful to find a place where Karen was so happy,” Hilde says. “Heinz and Helga's gift will help Clearbrook serve so many people in our community, like Karen.”

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMIX RFSCO, Inc. All Rights Reserved. NYD2-Mod-09

A Quick Guide to Giving

TO GIVE ...	DO THIS ...	AND SAVE ...
<p>Cash</p>	<p>Give by check or other means of giving cash.</p>	<p>By deducting gifts up to 50% of your adjusted gross income in any one year; carry over any excess into as many as five tax years.</p>
<p>Securities</p>	<p>Send unendorsed stock certificate in one envelope and a signed stock power form in another envelope. The gift is complete on the postmarked date of the later envelope. If you do not have the stock certificate or if you are giving mutual funds, contact your investment advisor to arrange the gift.</p>	<p>By deducting the full current value of the stock and bypassing any capital gains tax which might be due on a sale. Deduct such gifts up to 30% of your adjusted gross income in any one year; carry over any excess into as many as five tax years.</p>
<p>2009 IRA Gifts</p>	<p>Over age 59½ If you are beyond the age at which a penalty is imposed for withdrawals, notify your plan administrator that you would like to withdraw amounts sufficient to fund charitable gifts you plan to make this year.</p> <p>Over age 70½ You can arrange for tax-free charitable gifts directly from a traditional or Roth IRA up to a total of \$100,000 in 2009.</p>	<p>Over age 59½ While you will report the amount of the withdrawal as income this year, you may be entitled to an offsetting federal income tax deduction for the amount of your charitable gifts, thereby completely avoiding tax on the amount of the withdrawal. Consider giving these funds, as they may otherwise be largely depleted in the future by federal estate and income taxes when received by you and/or your heirs.</p> <p>Over age 70½ Regardless of whether you itemize your deductions or experience other limitations on credits or deductions, amounts distributed directly to charity are excluded from your taxable income.</p>

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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