



GIVING THOUGHTS

Planning Today For Clearbrook Tomorrow

Mother Expresses Gratitude With Generous Gift

For the spirited Mary Lou Anton and her son Dean Ghannam, life without Clearbrook just wouldn't be the same. Ever since graduating from high school in 1980, 48-year-old Dean has worked in Clearbrook's sheltered workshop and was one of the inaugural members of the on-site residential program in November 1985. "I was the first application in!" says Mary Lou. Dean now shares a house with seven other Clearbrook clients and one staff member in a traditional neighborhood nearby.

Mary Lou says that without the emotional and social outlets at Clearbrook, Dean's life wouldn't be anywhere near as enriching as it is now. For example, Dean, who has a penchant for radios and calendars, loves to "work a room," says Mary Lou—no doubt a trait he inherited from his animated mother. "He has a lot of social activities that he would not be involved with if he lived at home. There's no way I could provide all of those things for him."

Mary Lou has had a long-standing relationship with Clearbrook and has made charitable gifts over the years. She decided to take advantage of the Pension Protection Act of 2006 (PPA), which allows donors over age 70½ to divert up to \$100,000 in IRA income distributions to a charitable organization, such as Clearbrook, completely tax-free.

Because the PPA provisions cease at the end of 2007, Mary Lou hopes that Congress will pass an extension to allow her and others to continue making charitable gifts from their IRAs in future years. "My whole life is patterned around Dean and his needs—where I live, how I spend my money," says Mary Lou. "What could be better than to provide support for an organization that you have a very strong stake in?"

By giving such a generous gift from her retirement funds, Mary Lou has been able to fulfill two goals at one time. "Not only does giving a gift provide Dean with everything he needs now," she says, "but it also gives me the emotional security of knowing that when I'm gone, Clearbrook is still going to be there for him and for other people like him."



Dean with his mother Mary Lou

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What to Expect From a Will

On our cover, we shared the story of a donor who chose to give by way of her retirement plans. There are many other ways to make provisions for gifts to Clearbrook and other charitable interests in your financial and estate plans; two very popular alternatives are living trusts and wills.

Today in America, the last will and testament is the most familiar method of final distribution of a person's property.

But it's important to realize what a will can do, and what it should not be expected to do. Wills can often be most effective when used in combination with other legal arrangements such as the living trust described on the next page. A complete estate plan will generally allow you to accomplish your wishes for yourself and heirs within or outside your family.

What your will can do

- Allocate property not distributed via other legal arrangements
- Set up trusts to manage property for heirs
- Recommend guardians for your minor children
- Make a public record of your wishes
- Make final charitable gifts from your estate

What your will can't do

- Distribute property such as a home, bank accounts, automobiles, and any other assets that are owned jointly.
- Dispose of life insurance proceeds or retirement plan benefits. Unless your estate is named beneficiary, those proceeds pass outside of the will.
- Manage property during your lifetime. A will takes effect upon the death of its maker. Joint ownership, life insurance, and popular planning tools such as living trusts may be used in combination with a will. All can include charitable gifts, often to be made only when funds are not needed by you or your heirs.

With the help of your attorney and other professional advisors, you can decide on the tools that best meet your needs.



What About Living Wills?

We've talked about wills, but what about another type of will you may have heard about—a living will?

A **living will** is a statement about how you wish to be cared for should you become terminally ill and unable to make your wishes known. Living wills usually stipulate that heroic measures not be used to prolong the dying process in the event there is no chance of recovery.

Many hospitals provide sample living wills, and your attorney or physician can also offer more information.

Living Trusts: A Popular Alternative

When experts caution that “your property will be distributed by the state unless you have a will,” they usually add an important qualifier: “or other legal instrument.”

Often referred to as will substitutes, such legal arrangements as joint ownership and trusts perform many of the same distribution functions as a will. Revocable living trusts, in particular, have recently grown in popularity.

A **revocable living trust** is a legal document best prepared by a professional that:

- Stipulates how property in the trust will be distributed at your death
- Holds and manages whatever property you wish during your life
- Provides for management of property should you become incapacitated
- Avoids probate
- Is private—not a matter of public record, like a will

In addition to eliminating much of the expense and delay that can be experienced in the probate process, through proper planning a living trust can also help reduce or eliminate estate taxes that might otherwise be due.

If the trust has not been funded by the time the person making the trust dies, it will be as if he or she had no legal instructions for the distribution. Unless a will has also been made, property will pass according to state laws.

Charitable dimension

Like a will, a living trust may name individuals and charities alike to receive legacies. Outright gifts, as well as gifts arranged through trusts, are possible.

In fact, virtually any type of transfer that can be made in a will can be handled in a living trust.

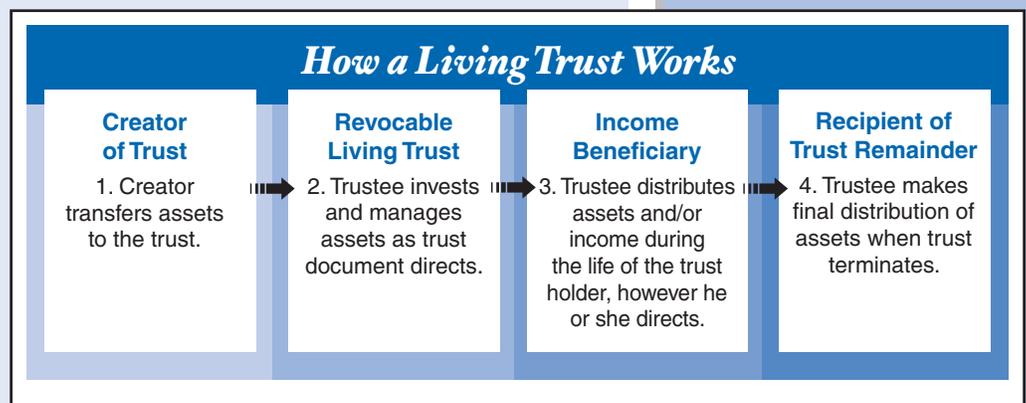
As you can see, a will is not the only way to assure enactment of your wishes after your lifetime. An estate planning advisor can help you decide the best ways to accomplish your desires.

‘Pouring Over’ With a Will

Even if you have a revocable living trust, joint ownership, or other arrangements to handle the majority of your estate distribution, most experts agree you probably also need a will.

Frequently, a **pour-over will** is used in conjunction with a living trust. The will causes any property not already placed in the trust to “pour over” into the trust at your death and be distributed according to trust provisions.

Personal property such as household items and valuables such as collections, jewelry, and family heirlooms are often not convenient to place in a revocable living trust. In the absence of a will, they will be disposed of according to state laws, as if you had no plan. A pour-over will helps you “tie up loose ends.”



How Sound Is Your Estate Plan?

A good estate plan provides security should one of four financial hazards occur: living too long, dying too soon, financial emergencies, or mental or physical disability.

Is your plan in shape and up to date? Take this brief quiz.

1. Do you have a will or living trust to help distribute property at death? Yes No
2. Are all the people and organizations that are important to you mentioned in your plans? Yes No
3. Have you executed appropriate powers of attorney to allow someone you trust to act for you, should it become necessary? Yes No
4. Have you designated who is to receive your insurance and/or retirement plan assets? Yes No
5. Is your life insurance coverage adequate? Yes No
6. Have you made plans for who should receive your property, should your primary heirs not survive you? Yes No

If you answered “no” to any of the above questions, you may need to review your plans. Professional advisors who specialize in such matters can offer advice and help to coordinate various parts of your plan.

New Tax-free Gifts From IRAs

If you are at least age 70½ and must take unneeded taxable distributions from a traditional or Roth IRA, you may be pleased to learn of a special new provision in the law. As part of the **Pension Protection Act of 2006 (PPA)**, Congress has allowed you to direct that your mandatory withdrawal amount (or another amount up to \$100,000) be used to make charitable gifts on a totally tax-free basis.

Amounts donated in this way in 2007 will not be included in your taxable income for that year, even if you do not normally itemize your deductions or would otherwise be subject to adverse tax consequences. Check with your plan administrator or other advisors for more information on the best ways to make tax-favored gifts from your retirement accounts.

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Kelly McGraw

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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