

Ideas

on financial, estate, and charitable planning
from Southwestern Medical Foundation
and UT Southwestern

Use the enclosed reply card to request our complimentary booklet, *The Unitrust: Payments That Grow with Your Gift*.

This newsletter includes hypothetical illustrations and should not be construed as legal or tax advice, or as a substitute for advice based upon particular factual situations. Before making any type of planned gift, we strongly recommend that you consult with your financial or legal advisor to discover how Planned Giving can best benefit you.

Summer 2005

Charitable
Planning
Options

Feathering The Nest

Use a Charitable Remainder Unitrust for Retirement Security

Several of our friends tell us they wish there were tax-advantaged ways to save for retirement beyond the limits of traditional plans in which they are eligible to participate.

Charitable remainder unitrusts (CRUTs) are ideally suited to supplement the retirement income of charitably minded persons. Some of the unique features of CRUTs may allow you to generate valuable deductions during your working years and delay income until retirement when it is needed more. An added bonus is that delaying the income typically increases the amount you will receive when the payments start.

Take the case of Mary G, aged 50, who is a very successful business owner. Mary makes all the tax-deductible contributions allowed each year to retirement plans, but she is still uneasy about her retirement security. After explaining this to a member of our staff and talking with her advisors, Mary decides to begin a plan of making regular contributions to a CRUT with Southwestern Medical Foundation until she retires at the age of 65.

Mary starts out with an initial contribution of \$50,000 the first year, and she plans to make \$10,000 contributions each coming year until she retires. Because she does not need additional income now, Mary sets up her CRUT to pay her the lesser of 5% of the trust's value or its actual income while she is still working and then "flip" to a standard CRUT when she turns 65. Knowing Mary's objectives, if the trustee invests in growth-oriented, non-income-producing investments, little or nothing will be distributed to Mary while she is still active in her business, allowing the trust to grow more rapidly.

If the CRUT achieves a 9% total return, it will be worth \$427,278 when Mary retires and she will receive income of \$21,364 that year. If she lives her normal life expectancy, her annual income will reach \$43,270 and \$900,211 will eventually come to Southwestern Medical Foundation to meet Mary's charitable objectives. As Mary makes contributions over the next 15 years, she will generate deductions of \$65,627, producing tax savings of \$22,969.

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Randal L. Daugherty
Planned Giving Director

We're Here to Help

To learn more about a retirement unitrust, go to www.swmedical.giftlegacy.com and click on Donor Stories. There you can read and hear an audio presentation about the retirement unitrust. You can also run and print an illustration of a retirement unitrust for your own situation. I also invite you to send for a free copy of our booklet, *The Unitrust: Payments That Grow with Your Gift*. You may also call me at (214) 351-6143 with any questions you may have about setting up a retirement unitrust.

SOUTHWESTERN MEDICAL FOUNDATION • 2305 Cedar Springs Road, Suite 150
Dallas, Texas 75201 • (214) 351-6143 • Visit our new website at www.swmedical.org.

Gift Building

Website serves as tool box for Planned Giving

The “Planned Giving” section of www.swmedical.org provides blueprints and tools that can be used by contributors as well as their financial advisors to construct charitable gifts that uniquely address specific family and financial situations.

“A lot of donors want to do their own research before talking to anyone about making a gift,” said Randal L. Daugherty, Planned Giving Director for Southwestern Medical Foundation. “Whether you want to conduct your own research in advance or ask for recommendations, we are here to answer questions and help design a plan that accomplishes personal goals.”

The website provides examples of planned gifts that are appropriate in a variety of circumstances. Whether one is considering a charitable remainder trust to receive income from the gift, a gift of life insurance to benefit the Foundation, or a straightforward bequest, the website offers the descriptions and terminology necessary to carry out donors’ wishes.

Electronic versions of *Planning Matters* and *Ideas*, the Foundation’s newsletters on planned giving, are found in the Publications section of the website, along with annual reports which document the organization’s record of accountability.

“We recently introduced the GiftLegacy section, which offers informative articles and easy-to-use tools for potential donors and technical resources for their financial advisors,” Mr. Daugherty said.

After reviewing case studies on planned giving, donors can create a personal plan that calculates payouts based on tax rates, income, age, and other factors. Additional resources include *Finance News*, *Washington Hotline*, and *Savvy Senior* news reports. Visitors can also sign up to receive a weekly e-newsletter with updates on financial matters and planned giving issues.

Attorneys, accountants, financial planners, and other professionals will appreciate the GiftLaw section of GiftLegacy. The service features a comprehensive charitable tax service, a charitable deductions calculator, a weekly e-newsletter, and timely updates on charitable giving topics.

Members of the Foundation’s Estate Planning Council, comprised of leading experts in the areas of law, accounting, insurance, and banking who provide assistance and feedback to the Foundation’s planned giving program, are listed on the site as well.

Whether there is a need for help to design a customized plan for charitable giving or for resources to hammer out ideas, potential donors can explore the many ways to *Endow the Future of Medicine* at www.swmedical.giftlegacy.com, or they may contact Randal L. Daugherty at (214) 351-6143 or via e-mail at rdaugherty@swmedical.org. ■

