

Ideas

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

Dear Friends,

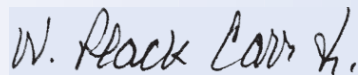
It is my pleasure to present the latest issue of *Ideas*.

Our newsletters are designed to provide information about financial and estate planning, as well as thoughtful charitable gift arrangements. Each issue features a different topic and includes a reply card that you can return to request further information. In this issue we feature different types of testamentary gifts that you can make to Southwestern Medical Foundation and UT Southwestern without neglecting any financial responsibilities to your family. To assist in your planning, we would like you to have a copy of our free booklet, ***Planning Your Will for All It's Worth***. To request your copy, simply return the enclosed card or call our office.

Are you considering a gift by bequest, but have questions about how to direct it? We would be happy to talk with you and provide sample bequest language. If you do not have a will, we encourage you to think about instructions and provisions for those you will leave behind. As you remember the people and organizations important to you, we hope Southwestern Medical Foundation will be on your list. You can be assured that your gift will be used as you have designated to benefit Southwestern Medical Foundation and UT Southwestern.

I look forward to serving you.

Sincerely,



W. Plack Carr, Jr.
President and CEO



W. Plack Carr, Jr.

Southwestern Medical Foundation
2305 Cedar Springs Road, Suite 150
Dallas, TX 75201
(214) 351-6143
www.swmedical.org

Spring 2006

Charitable Planning Options

Charitable Bequests: Giving with a Will

A Bequest in Your Will

Each year thousands of individuals, exercising their privilege to determine the final distribution of their estates, designate that a portion of their assets be used for the benefit and support of America's charitable organizations. Gifts by will have become an integral part of the American philanthropic tradition because they enable people to make significant contributions that might not have been possible during life.

Outright Bequests

When you think of making a gift to charity under your will, the outright bequest usually comes to mind first—you simply direct in your will that your entire interest in certain money or property be transferred to a designated charity, such as Southwestern Medical Foundation. Of course, your estate will be entitled to a charitable deduction for the *full fair-market value* of your gift.

An outright bequest can take various forms.

- **The general bequest** is probably the most popular type of charitable bequest. With this type you simply leave a specified dollar amount (e.g., \$10,000) to the designated charity.
- **A specific bequest** is another popular way to benefit a charity. You designate specific property that you want a charity to receive. For example, a bequest of specified stock or a vacation home is a specific bequest.
- **A residuary bequest** is used to give a charity all—or a portion of—one's property after all debts, taxes, expenses, and all other bequests have been paid. It may augment a general or specific bequest to the charity if the size of the estate allows—after ensuring that other beneficiaries receive their bequests prior to distribution.

to the charity. For example, giving Southwestern Medical Foundation “the rest of the property that I own at my death” is a residuary bequest.

■ **A percentage bequest** can be expressed as a percentage of an estate or residuary estate. For example, a donor might leave Southwestern Medical Foundation 50% of the residuary estate. If fortune changes the size of the estate, this bequest will change in the same proportion.

■ **A contingent bequest** is used to provide for the situation when a beneficiary dies before you or disclaims the property. To prepare for such an occurrence, consider naming a charity such as Southwestern Medical Foundation as the contingent beneficiary. This will ensure that the property will pass to the designated charity in one of these situations rather than to unintended beneficiaries.



Please visit our Website!

To learn more about charitable gift opportunities,

go to <http://swmedical.giftlegacy.com>.

There you can read and hear audio presentations about various types of planned gifts. You can also run and print an illustration of various planned gifts for your own situation. ■

Providing Income for a Beneficiary

Your financial responsibilities can easily extend beyond your lifetime. Continuing income may be needed to provide for those who count on you for help. In such a situation, an outright bequest to a charity may not best meet your needs.

However, Southwestern Medical Foundation offers a number of plans that can both provide a gift to further our work *and* make a stream of payments for life (or, with some plans, for a term of years) to one or more selected beneficiaries.

Planning pointer: You can arrange a charitable bequest to accomplish both goals by directing that the bequest be used to establish a *testamentary charitable remainder trust* or a *gift annuity*.

SOUTHWESTERN MEDICAL FOUNDATION

Sample Will Language for a Gift

I hereby give, devise, and bequeath \$_____ (or _____ percent of my residuary estate) in cash, securities, or other property to Southwestern Medical Foundation, located in Dallas, Texas, for the benefit of The University of Texas Southwestern Medical Center at Dallas. These funds shall never become part of the Permanent University Fund, the Available University Fund, or the General Fund of the State of Texas and shall never be subject to appropriation by the Legislature of the State of Texas.

Impact of the Federal Estate Tax

Fewer and fewer estates will be affected by the federal estate tax for the rest of this decade as the exemption-equivalent amount climbs to \$3.5 million in 2009 (see chart). The tax is repealed for the year 2010—but it will be back in 2011 in full force with an exemption of \$1,000,000 unless repeal or higher exemption amounts are reenacted at that time.

The uncertainties surrounding the eventual fate of the estate tax and even the exemption amount in the intervening years will require your constant vigilance to avoid getting trapped in an unforeseen situation.

If you have a moderate-to-sizeable estate, your estate plans will require periodic reviews with your attorney and other advisors as the phase-in schedules of the recent tax act of 2001 unfold.

Rate and Exemption Schedule			
2002	\$1 Million		50%
2003	\$1 Million		49%
2004	\$1.5 Million	Exemption	Highest Tax Rate
2005	\$1.5 Million		
2006	\$2 Million		
2007	\$2 Million		
2008	\$2 Million		
2009	\$3.5 Million		
2010	Estate Tax Repealed		
2011	\$1 Million		55%