



# The Guardian

Estate and Gift Planning Ideas • Spring 2011



“We were pleased to know that our charitable gift annuity will help the hospital carry on its mission and give children the chance at a healthy happy life.”

**Crispina & Ian McDonald,**  
*Guardian Society members*

## Find the Right Fit: Options for Life Income

Whether you are planning for retirement or living in it, one word that probably gets your attention is *income*. Managing income becomes critical during retirement when we depend on accumulated assets instead of wages and earnings. Indeed, the job of tapping into and making the best use of a mixed pool of assets—personal savings and investments, pensions, qualified retirement plans—requires thoughtful planning.

While you're thinking about your retirement needs and charitable giving, you should know that there's a way to blend both. Life income gifts can create opportunities to increase your income while continuing your charitable giving.

We invite you to take a few moments to read more about life income gifts and how they work. Call or e-mail us if we can answer questions or provide more information. Return the enclosed card to ask for our complimentary brochure, ***Life Income Gifts—Find the Right Fit***. It provides more details about the flexibility of life income gifts and their uses in retirement and estate planning.

Whether you're a long-time, new, or returning supporter of Children's National, we want to say “*thank you, thank you, thank you*” for all you do and continue to do to support excellence in pediatric health care.

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## Why Life Income Gifts?

There are many reasons why so many people favor life income gifts. The primary reason they receive so much attention is that a life income gift is a multi-tasking gift. With one tax-favored gift plan, you can simultaneously help Children's National *and* help yourself during retirement.

### Tangible Support for Our Work

Our mission is to improve health outcomes for children; be a leader in creating innovative solutions to pediatric health care problems; and excel in care, advocacy, research, and education to meet the unique needs of children. If you want to help continue the good work at Children's National, life income gifts are worth considering.

### Payments You Plan, Features You Personalize, Tax Benefits to Consider

With life income gifts, you can design a plan that provides lifetime payments to meet your specific needs. There is great flexibility in designing your plan.

- **Payments that begin now or later.** You can choose when the income begins and how often payments are made.
- **One or more beneficiaries.** There are some variations among the different types of plans, but it is possible to design a plan to provide payments only to you, only to another, or to you and other beneficiaries.
- **Benefit from a tax deduction.** Life income gifts qualify for an income tax charitable deduction based on the present value of the gift you make. There may be other tax benefits to consider as well, including favorable taxation of the payments you receive.

We can provide illustrations showing payment and tax deduction figures based on your gift amount, age, and personal objectives.

## Finding the Right Fit—Types of Life Income Gifts

Life income gifts include Charitable Gift Annuities and Charitable Remainder Trusts. Both provide unique advantages and distinct features to consider.

### The Charitable Gift Annuity: Simple and Sensible

The charitable gift annuity is the simplest life income gift to establish and, for many, is a sensible way to make an important gift to charity. There can be one income beneficiary or two, and the lifetime payments can begin immediately or be deferred to a later time. Generally, deferring payments results in higher income compared to starting payments immediately. At the end of the contract, the remainder goes to the charity.

**Deferred payments:** *Joni, age 70, wants to support our work and wants another source of income in her retirement years. A \$25,000 gift annuity can be established now with payments to begin immediately or in the future. If payments begin this year, she receives annual payments of \$1,450. But if she defers the payments for 5 years, then she will receive \$1,875 each year for her lifetime. Whether payments begin now or later, she receives an income tax charitable deduction in the year she makes the gift. And a portion of each payment is tax-free until she reaches her life expectancy. Clearly, a gift annuity can help Joni accomplish two desires: make a charitable gift *and* provide income.\**

**If you're 70½ or older and plan to make a charitable gift, it just got easier!** The IRA Charitable Rollover allows individuals age 70½ or older to make charitable gifts from their IRA accounts—without incurring federal income tax on the transfer. Contact our office for information that will make it easy to complete your gift.

## Charitable Remainder Trusts: Expand Your Planning Options

A charitable remainder trust is a trust that holds property, pays income from that property to a designated beneficiary or beneficiaries, then distributes to charity what remains in the trust (the “remainder”) when the payment period ends.

Some additional features and opportunities:

- **You name the income beneficiaries.** There is great flexibility here. However, the trust must be designed so that at least a 10% minimum remainder is left for the charity.
- **You choose a fixed or variable dollar amount to be paid each year,** subject to broad limitations. Higher percentage payouts reduce the charitable deduction for the gift.
- **Income can be paid** for the life of one beneficiary, for the lives of two or more beneficiaries, or for a specified period of years (up to 20).
- **You choose how to fund the trust,** with cash, stock, or other property.
- **You name the trustee and the charitable beneficiary.** More than one charity can be named to receive the trust remainder.

*\*Example is for illustrative purposes, based on an AFR of 2.4% and an annual payment.*

## Personal Action Plan

To learn more about life income gifts to support Children’s National:

- Request our complimentary brochure, ***Life Income Gifts—Find the Right Fit***, by returning the enclosed card.
- Discuss your needs and plans with your advisor(s).
- Contact us for more information and personalized illustrations showing how a life income gift might be tailored to meet your planning needs.
- Visit [www.childrensnational.org/giftplanning](http://www.childrensnational.org/giftplanning).



### 1-Person Gift Annuity Rates

AGE	RATE
70	5.8%
75	6.4%
80	7.2%
85	8.1%
90	9.5%

Rates effective July 1, 2010.

Rates subject to change.

### Comparison: Gift Annuity and Charitable Remainder Trust

	GIFT ANNUITY	CHARITABLE REMAINDER TRUST
Minimum Gift Amount	\$10,000	Typically \$250,000
Income Beneficiaries	One or two	Can exceed two
Charitable Beneficiaries	One only	Can exceed one
Tax Deduction	Yes	Yes
Trustee Required	No	Yes

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*The  
Guardian  
Society*

recognizes the very special people who have included Children's Hospital Foundation in their wills and other estate gifts. Through their forethought and generosity, they will help to ensure world-class care, advocacy, research, and education at Children's National through a lasting legacy.

To learn more about making a legacy gift and how to become a member of The Guardian Society, please visit our website or contact Rita Corwin.

**Our Tax ID #52-1640402.**



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## Children's News

### Expert Physician Scientists Join Children's National

Bone Marrow Transplant expert and internationally known lecturer **David Jacobsohn, MD**, now leads the Division of Blood and Marrow Transplantation—the only dedicated pediatric National Marrow Donor Program transplant center in the region.

**Zena Quezado, MD**, former National Institutes of Health Chief and pain expert was named director of the Pain Neurobiology Laboratory to seek solutions for measuring and ultimately eliminating pain in children. She joins a team of visionaries to re-imagine and create a new standard for surgical innovation and research.

Robotic surgery expert **Craig Peters, MD**, was appointed chief of Surgical Technology and Translation and Principal Investigator. Dr. Peters says, "The potential exists for robotic technology to improve surgery for children through better visualization, manipulation of tissues, and access to small areas."

### Aden's Story

Our journey started with a routine appointment to the pediatrician. Our son Aden had been fussy the night before, so we thought he had an ear infection. When the nurse took his vital signs, it became clear that Aden was dealing with much more than a simple infection: His heart rate was 275 beats per minute. We had no idea what that could possibly mean for our son. We were terrified.



This was the start of a long journey for us and Aden. The doctors determined that his symptoms were caused by Wolff-Parkinson-White (WPW) syndrome. After years of trying to manage Aden's episodes through medication, it was time for us to consider other options. At 3 years old, Aden went in

for a catheter ablation in his heart. Four hours later, Dr. Kaltman told us that they believed they found and fixed the problem and didn't think Aden would have problems with his heart anymore.

Aden no longer shows any signs of WPW. We sleep better at night knowing that he's okay.

Through the years of Aden's treatment,

the team at Children's National has been incredible. Dr. Kaltman and the nurses (Vicky, Carol, and Beth) were always so willing to answer my questions. We couldn't have picked a better place to take our son!

Thanks so much to Children's National!

Aden's mom, Ashley