



New Canaan Community YMCA

# Leaders

## Communicating **Your Estate Planning Decisions**

After devoting a lifetime of work to building an estate, many of us are reluctant to sit down with family and discuss the details of how it will eventually be distributed. Parents may find it difficult to bring up the subject of death. Adult children may be afraid they'll appear selfish or greedy. Spouses may worry about a perceived lack of trust.

But in the end, discussing your estate plan must be a priority if you want to protect the future of your loved ones and provide for everyone in an equitable manner.

**Initiate the discussion.** To introduce the topic, consider using estate planning guides and books or attending a seminar. Also, you might list and review the potential problems that could arise when someone dies without a comprehensive estate plan.

**Develop family objectives.** It is important to realize that each family's goals are unique—as are the goals of individual family members. Everyone should list his or her personal objectives, and the family can rank those objectives in order of importance.



### **Keep your will or trust updated.**

Review your estate plan each time a life situation changes. By preparing today, a family can be ready for the realities of tomorrow.

**Seek professional advice.** It is always wise to contact an estate planning attorney to ensure that your will or trust is in accordance with applicable laws. You may also call us if you have any questions.

### **The Golden Rules of Estate Planning**

1. Ensuring that your estate is in order—before and after death—is important.
2. Estate and inheritance matters shouldn't be ignored, but they also shouldn't consume you.
3. Ninety percent of problems that occur when settling an estate can be eliminated by open communication before death.

If you have included the New Canaan YMCA in your estate plan, we'd love for you to tell us so we can take the proper steps to thank you.

# Unlock Your Income Power

Like many investors, you may find yourself in a tough situation. You would like to increase the income you derive from your investments, but you do not want to sell your growth stocks at a large profit because you will have to pay capital gains tax on their appreciation.

How, then, can you increase your dividend income without paying any capital gains tax?

## Unitrust to the Rescue

Let's assume you are willing to make a major gift of securities, provided you can maintain the same level of income. A deferred gift called a unitrust can unlock the income power of your investments.

**Example:** *Stewart has stocks yielding a 2 percent dividend. He creates a unitrust, incurring no up-front capital gains tax. The trustee agrees to pay him an income each year for life. The payments are 6 percent of the market value of the unitrust's investments, as determined annually. At Stewart's death, the balance in the trust is payable to us.*

## Figuring Your Tax Benefits

When you fund a unitrust, you are entitled to a sizable income tax charitable deduction. The amount of your deduction depends typically on your age (how long the trust will last), the income percentage you select and the value of assets you place in the unitrust.

You will not incur any up-front tax when you transfer appreciated securities to fund a unitrust. Moreover, the computation of your charitable deduction for a gift funded with long-term securities is based on their full market value, not their lower cost basis.

## Save on Capital Gains Tax, Too

If you sell long-term appreciated assets, you pay a capital gains tax. If you fund your unitrust with those assets and then they are sold, however, the gains are not taxed inside the trust.

## Much More Than Tax Savings

Amazing as they are, the benefits of increasing your income and cutting income taxes are only two of the advantages you will enjoy.

- Worried about inflation? Every year the amount of your trust income is determined using the same percentage you chose at the start, applied to the unitrust's net fair market value as determined annually. When the trust's value increases, your income increases. If the value decreases, however, so will your payments.
- You can ensure an income for life not only for yourself, but also for someone else.
- You can rid yourself of investment worries and secure professional management on the property you donate.
- Your estate benefits by having fewer assets subject to estate tax.

## Another Option: Put a Unitrust in Your Will

If you do not wish to immediately fund a unitrust for your benefit, you can establish a unitrust through your will. You name the individual to whom you would like income payments made for life and designate the remaining principal for our use. Of course, the unitrust will not begin until after your lifetime, when it receives assets from your estate. You determine the size of the unitrust startup funds and state that in your will. For instance, you might specify a dollar amount or a share of the estate residue.

By creating a unitrust in your will, you will not reap any income tax advantages now because you have the right to change your will at any time. Your beneficiary, however, will enjoy many valuable benefits later.

## Unlock Your Investments With a Unitrust

Why wait to release the latent income power of your investments? A unitrust for yourself offers the perfect

solution: potentially higher income, tax savings and generous philanthropy. We would be happy to discuss with you and your tax advisors how a unitrust can fit into your estate plan.

A unitrust can unlock the income power of your investments and provide tax benefits, as well as support the important work of the YMCA after your lifetime.

## Your Giving Goals

*Charitable Gifts Are as Diverse as the Donors Who Make Them—Which Is Right for You?*

To determine which planned giving options are the best for you, rate the following benefits of philanthropy in order of importance:

- Retain flexibility
- Receive income or estate tax deductions
- Leave a personal legacy while ensuring the future of the YMCA
- Secure retirement income
- Provide for heirs

Now see which type of gift matches your priorities.

- A revocable gift, such as a bequest, gives you the **flexibility** to adapt to unforeseen circumstances.
- A charitable remainder trust provides **lifetime income** to you and the trust's balance to your chosen charitable organization(s), **reduces the size of your taxable estate**, provides a partial **income tax deduction**, and **eliminates up-front capital gains tax** on appreciated assets used to fund the trust.

# Free Guide!

## Give Yourself an Edge

The charitable remainder unitrust offers four options to meet your financial and philanthropic goals! For more information on each type of unitrust, complete and return the enclosed reply card to receive our FREE brochure, *The Charitable Remainder Unitrust: Maximize the Benefits of Your Estate Plan*.

**The Charitable Remainder Unitrust**  
Maximize the Benefits of Your Estate Plan



- A special endowment or a naming opportunity gift is an enduring **legacy** and helps to **ensure the future** of the YMCA.
- A gift annuity provides fixed **retirement payments for life**, a partial **income tax deduction** in the year of your gift and **reduced capital gains taxes** when funded with appreciated stock.
- When leaving assets to your **heirs**, remember that qualified pensions and retirement plans carry a high tax burden. Deferred income tax is owed on these accounts, plus the asset will be included in your taxable estate. Naming a charitable beneficiary avoids these tax problems while supporting a worthy cause. By adding a wealth replacement trust, you can provide your heirs with other assets free of all income and estate taxes.

We would be happy to assist you and your professional advisors in creating the ideal combination for you.

We build strong kids, strong families, strong communities.

# The Necessity of **Creating a Will**

Many components are needed to create a sound financial plan. One of those components—a will—allows you to gain complete control over the future of your estate.

A will is a legal document used to distribute your assets according to your intentions—such as your child receiving your personal possessions or a charitable organization receiving your home.

About half of all Americans die without making a will. Dying without a will doesn't always mean the government will get your assets, but the state will have the legal right to disburse your assets. The government's decisions may differ from your wishes. The state doesn't take into consideration what is fair or equitable. For example:

- You owned a business, and it went to family members ill-suited

to manage it. Or perhaps it was divided among family members who do not agree on the direction of the business.


- You were taking care of a special-needs individual, and the court appointed a caretaker you would have deemed unsuitable.
- Your children received their share of the estate prematurely—before you believed they were prepared for the responsibility.
- Your favorite charitable organization didn't receive its promised funds.
- Your estate was exposed to taxes you might have avoided.

These are only a few of the possible consequences of not having a will. If the state doesn't consider loved ones, friends or charitable organizations, why allow the state to make some of the most important

decisions of your life? If you do not have a will, an estate planning attorney or our representative can help you find a way to accomplish all your wishes.

We invite you to contact us to learn more about legacy opportunities at the YMCA.



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## NEW CANAAN YMCA LEADERS SOCIETY: ENDOWMENT SUPPORTERS

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***Live, love, learn, leave a legacy...***