BEQUESTS AND ENDOWMENTS: CHARITABLE LEGACIES

Tell Us About Your Bequest To "JEWISH DALLAS"

"Jewish Dallas"

Any organization or purpose which will benefit the future of the Dallas Jewish Community.

Many of our friends have made bequests to ensure the financial future of "JEWISH DALLAS" and we are profoundly grateful. You might choose to let us know about it in the strictest confidence. If you wish, we can create a confidential record which describes specifically how you'd like to see this bequest utilized. If you give us permission, we'd like to express our appreciation to you and offer you the opportunity to be recognized on our Endowment and Bequest Honor Roll and in the Endowment Book of Generations.*

"*Practical Estate Planning Opportunities*" is the latest issue in our ongoing program of sending you helpful information. Please let us know if you'd like to receive any of our companion booklets, including ***Techniques for Planning a Successful Will, Tax and Financial Planning Techniques*** and the ***Personal Affairs Record***. Many of our friends have asked for one or more of these valuable guides and for specific help in their planning. We'd be delighted to hear from you as well. To receive your copy of any of these planning tools, simply return the enclosed card. As a final step – if you choose – please let us know that you have remembered "JEWISH DALLAS" – or any organization of your choice – in your Estate Planning.

(*continued on back panel*)

** The Endowment Book of Generations is a Promise. A promise made by one generation to the next: a promise that the Dallas Jewish community will be here for our children and their children's children. The Book is on permanent display, a record of names, portraits and brief family histories – a living document in the tradition of "Chai" and our commitment to the future.*

Opportunities For You, Your Family And The Dallas Jewish Community

This is the sixth brochure in this series on bequests and endowments, and the Dallas Jewish Community Foundation is proud to bring it to you. In the first five issues we discussed why you need a thoughtful will, five steps to a successful will plan, the impact of the federal estate tax, trusts in financial planning and life insurance and disability planning. This current issue emphasizes practical planning – down-to-earth, usable planning ideas – for safeguarding your family's future . . . and the future of the Jewish Community. We hope you have considered a decision to include a bequest to "JEWISH DALLAS" as part of your thoughtful will or estate plan. Your intended bequest will be a source of continuing satisfaction as the years pass, and you can take pride in the knowledge that the achievements of "JEWISH DALLAS" will also be your achievements.

DALLAS JEWISH COMMUNITY FOUNDATION

Your legacy. Our Jewish future.

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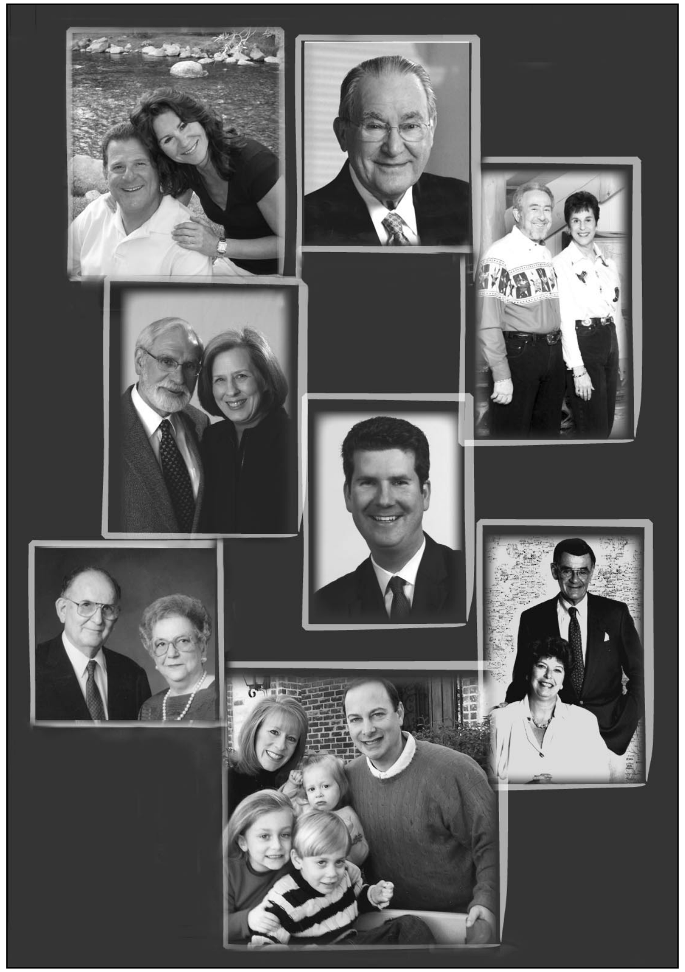
David Agronin, executive director

PRACTICAL ESTATE PLANNING OPPORTUNITIES



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** Of Blessed Memory*

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Practical Estate Planning Opportunities

Estate planning has two very basic aims: making certain that after your death your property will be disposed of according to your wishes and protecting against estate "shrinkage" brought on by the federal estate tax, expenses of estate administration, lack of estate liquidity and other causes.

✓ **Your thoughtful will** should be the cornerstone of your total estate plan. It gives form and substance to your thoughtful concern for the future of your family and other beneficiaries.

✓ **Total coordination** of all your assets – your life insurance, your jointly owned property, your retirement benefits, everything you own – is absolutely vital to a smoothly working estate plan. Remember that your life insurance and jointly owned property will pass independently of your will. You must relate each estate planning tool to another to achieve your objectives.

✓ **A trust**, created during life or in your will, may figure prominently in your estate plan. Through a trust you can provide income for your family, transfer investment worries to a trustee of your own choosing and perhaps even save on federal estate taxes and estate administration costs. The magic of a trust can also allow you to provide dual benefits to your family and our programs with meaningful tax and financial rewards.

✓ **Tax-burdened assets** should be chosen when planning bequests to charitable organizations. Family members may owe both income taxes and "death taxes" when they receive such estate items as U.S. savings bonds, accounts receivable, payments on installment notes, accrued royalties under a patent license or renewal commissions of insurance agents.

✓ **Lifetime gifts** to family members continue to offer an avenue to tax savings as well as present satisfaction. You can make annual gifts of up to $12,000 each year to as many different people as you choose, owe no gift tax and remove these amounts from the grasp of the federal estate tax. (Spouses can "split" gifts and increase the tax-free amount to $24,000 per year, per donee.) In addition, you can make gifts of any amount, no matter how large, to your spouse without owing any gift tax.

✓ **Choosing your executor** is a vital decision that presents a basic choice between an individual or a corporate executor. Many people prefer the personal attention of a spouse or other close relative as individual executor, but a corporate executor, such as a bank or trust company, may be better suited if your estate is large or complex. A comfortable middle ground may be the selection of co-executors: one individual and one corporate. Whatever your decision, you will do your family a great favor by reflecting carefully on the proper person to serve as your personal representative at death.

✓ **Business owners** have unique planning needs and opportunities. A well-considered buy-sell agreement concerning an owner's business interest can preserve continuity for the business enterprise and produce a source of cash to meet cash demands against the estate. Stockholders in closely held corporations may be eligible for the special "Section 303 redemption" tax provision, which permits the tax-free redemption of a portion of a closely held stock to meet the estate's administration costs of the funeral expenses and taxes.

✓ **Arranging for liquidity** in your estate can prevent the untimely sale of valuable income-producing properties to settle the estate. Don't leave your executor in a locked-in position. An irrevocable trust is an excellent arrangement for providing the executor with the necessary estate liquidity. Property readily convertible into cash is placed in the trust, or life insurance sufficient to meet settlement costs is transferred to the trust. The trustee is then permitted to buy property from the executor or make loans to him to meet estate expenses – and the value of the trust will not be taxable.

Providing a Legacy from Your IRA

Suppose you owned an asset that carried the warning label: "60% tax due upon death."

Shocking? Impossible? Not if the asset is your IRA, pension, 401(k) plan or other retirement account. A combination of federal "death taxes" and state and federal income taxes can virtually confiscate your savings:

- **Federal Estate Tax.** The full, date-of-death value of retirement accounts is subject to federal estate tax, which could erase up to half your savings.
- **State and Federal Income Taxes.** Both federal income tax and state income tax (depending on the place of residence of your heirs) will be due on death benefits from an IRA or other plan – costing as much as 35% or more.
- **Generation-Skipping Tax.** Benefits that pass to grandchildren and others may be subject to severe transfer taxes.

Many of these taxes can be *postponed* when retirement assets pass to a surviving spouse who then establishes a "rollover IRA." But an expensive visit from the tax collector ultimately lies ahead when death benefits from retirement savings pass to other heirs. A better option? Leave your retirement account to benefit our programs – and preserve most or all of your savings free from tax.

It's simple to make a gift of an IRA or other retirement account at death. Just name us as death beneficiary, using the appropriate forms. (If you have a spouse, his or her written consent may be required.) If no death beneficiary is named for your retirement account, you can change your will or living trust so that retirement assets are specifically designated to pass for our benefit. Call us for details.