



## Why You Need an Estate Planning Expert And How to Find One

*When it comes to crafting your estate plan, no matter how large or small, you'll want seasoned attorneys and sharp financial planners on your side.*

Do you worry about future financial security for yourself and loved ones? Which assets are best to pass to loved ones? The right team of estate planning professionals can offer you sound advice on finances, investments, and tax planning and legal issues, as well as help you through the emotional challenges of determining how to distribute your wealth.

There's no single best way to find estate planning professionals. You can start by seeking references from friends, relatives, local

bar associations or related organizations. They'll point you toward needed experts. You can also check out the resources listed below.

And as you move forward, consider the following:

- Experience and references
- How fees are charged, along with an estimate of costs
- Professional accomplishments
- Areas of specialty
- Percentage of work devoted to estate planning

- Alliances with experts in related fields who may be of help



You can always look to us for guidance as well. We may be able to offer suggestions or answer questions. Feel free to give Northridge Hospital Foundation a call.

### Resources

- The American Bar Association has an Internet lawyer referral service at [www.abanet.org](http://www.abanet.org).
- The Financial Planning Association has a section on its website, [www.fpanet.org](http://www.fpanet.org), that will search for planners in your area.
- The National Association of Personal Financial Advisors allows visitors to search its website, [www.napfa.org](http://www.napfa.org), for fee-only financial planners.
- *The Inheritor's Handbook: A Definitive Guide for Beneficiaries* by Dan Rottenberg offers practical advice for people planning their estates and for those planning for an inheritance.

## INSIDE...

- A Tax-Smart Approach to Your Year-End Philanthropy
- How to Donate Securities

# A Tax-Smart Approach to Your Year-End Philanthropy

## Invest to Make a Difference

Most people maintain a watchful eye on the value of their investment portfolios. But despite any volatility, many of your investments are likely still worth more today than when you originally purchased them—that's the good news. The bad news is that if you were to sell, you would pay capital gains tax at a maximum rate of 15 percent on the growth.

### A Win-Win Solution

Your securities offer an appealing approach for making a lasting difference at our organization. Plus, when making a charitable gift of appreciated securities that you've owned for more than one year, you will receive two tax benefits:

**1** You are entitled to a federal income tax

deduction based on the current fair market value of the securities, regardless of their original cost.

**2** You will be exempt from paying capital gains taxes on any increase in value—taxes you would pay if you had otherwise sold the securities.

### Case Study: How It Works

Each year, Sue has made a cash donation to support our mission. This year, her financial advisor suggested she use other resources

to make a gift. Sue owns \$100,000 in stock for which she paid \$10,000 many years ago, resulting in a gain of \$90,000. Her advisor shared with her some options on how these could make a tax-wise donation:

### Sell and Donate the Proceeds

If Sue sells the assets, she pays \$13,500 in taxes on the gain, at the maximum capital gains tax rate of 15 percent. She would then receive a \$100,000 charitable deduction for the cash gift, which reduces

## Which Gift Option Is Better for Sue?

Sue's Gift Options	If Sue Sells Her Stock and Donates The \$100,000	If Sue Gives Her \$100,000 in Stock Directly to Us
Sue's income tax savings (\$100,000 x 28% tax bracket)	\$28,000	\$28,000
Federal capital gains tax owed (\$90,000 x 15%)*	\$13,500	\$0
Federal capital gains tax savings	\$0	\$13,500
<b>Total tax savings</b>	<b>\$14,500</b>	<b>\$41,500</b>
<b>Net cost of gift</b>	<b>\$85,500</b>	<b>\$58,500</b>

**In both scenarios, we receive \$100,000 to support our work.**

\*\$10,000 cost basis

A gift of stock costs Sue \$27,000 less than a gift of cash!

## We Can Help

ing stock, contact us. Together with your advisor, we can help without worries over tax consequences or market conditions.

her income tax bill by \$28,000 (based on a 28 percent tax bracket).

### *A Better Strategy: Donate the Stock Directly*

If Sue makes her gift of the \$100,000 in stock directly, she is still eligible for a charitable deduction, but she also eliminates \$13,500 in capital gains taxes. Adding these two tax benefits together results in a total tax savings of \$41,500 for Sue, making the net cost of her gift of stock just \$58,500—and much more beneficial.

### **Rules to Keep in Mind** **Donate long-term appreciated property**

to get a deduction based on the full fair market value. Otherwise, for assets you've owned a year or less, only the cost basis is deductible.

**Watch the ceiling.** The allowable portion of your deduction for long-term capital gain property per year is limited to 30 percent of your adjusted gross income, but the excess is deductible for up to five additional years.

## A Charitable Option That Works Harder for You

**Did you know** that stocks offer charitable benefits you may not have thought of? To learn more about how your stocks can help others while you help yourself, send for our FREE guide.

Return the enclosed reply card today to receive your complimentary copy.

# How to Donate Securities Step-by-Step

*If you'd like to support our mission and receive some needed tax relief, follow these three steps to accomplish your goals.*

## STEP 1

### **Determine if donating securities is right for you.**

If you answer yes to each of the following questions, this gift probably meets your needs. If not, we can help you find an option that's a better fit.

- Do you have securities that you've owned for more than one year that are worth more than you originally paid for them?
- Do you want to avoid paying taxes on their appreciation?
- Can you afford to give up ownership of these securities?
- Would you like to support our mission today?

## STEP 2

### **Complete your gift.**

If you have the physical securities:

- hand-deliver them to us; or
- mail us the stocks and stock power separately.

If you don't have possession of the physical securities:

- instruct your broker to electronically transfer your intended shares; and
- ask your broker to notify us once the transfer is complete.

## STEP 3

### **Enjoy the benefits.**

In addition to the tax benefits you receive when you make a gift this year, you can feel good knowing that you are helping others at a time when needs are great.



# Thinking of Making a Donation...

## Plan Now to Meet These Tax-Break Deadlines

*To see a tax break this year when you itemize deductions on your income tax return, you must make all charitable donations by Dec. 31. The gift date—the date used for tax purposes—depends on the asset you give and your method of giving.*

- **Checks**—The mailing date is the date of the gift.
- **Credit cards**—The day the charge is authorized is considered the gift date.

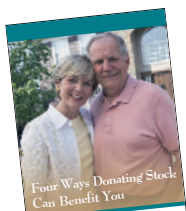
- **Pledges**—Gift pledges to us are deductible in the year they are fulfilled and not the year the initial pledge is made.
- **Securities**—If securities are electronically transferred to us, the gift date is typically the day the securities enter our account. If securities are mailed, the mailing date is the gift date. It is important to send, by registered or certified mail, the unsigned certificates in a separate envelope from the signed stock power and letter of intent.
- **Real estate**—The day you deliver the signed deed to us is the date of the gift. If your state law requires recording of the deed to fulfill the title, though, then the date of recording is the gift date.
- **Artwork and other tangible personal property**—The gift date is the day you deliver the property with a signed document transferring ownership, if necessary.

### Be Prepared

Discuss your charitable gift plans with your tax or legal advisors. You can also contact us. We can help ensure that your gift plans meet your year-end goals.

## Action List

### Your Next Steps



**STEP 1** Return the reply card to receive the **FREE** guide *Four Ways Donating Stock Can Benefit You.*

**STEP 2** Go to our website to learn more about the good work we're doing and how you can help.

**STEP 3** Contact us if you have any questions about supporting our organization and how your gifts help further our mission.



## Northridge Hospital Foundation

A member of CHW

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### Earn It, Keep It and Pass It On!

#### FREE Consultation

#### *Sponsored by the Legacy Society of Northridge Hospital Foundation*

Join us for a free, informative seminar to better understand advance directives, power of attorneys, trusts and wills. Planning ahead ensures your wishes are followed and protects your family from taxes, court costs and delays. Our presenter Vanessa Terzian, Estate Planning Attorney, has 25 years of experience. She has pursued her own practice as the Principal of the Law Offices of Vanessa M. Terzian, specializing in estate and tax planning and trust administration. A free personal follow-up consultation is offered.

**Wednesday, November 2, 6 -7:30 p.m.**

**5th Floor Hale Penthouse Auditorium (Dinner will be served) or**

**Thursday, November 3, 12 -1:30 p.m.**

**5th Floor Hale Penthouse Auditorium (Lunch will be served)**  
**Reservations are required. To make a reservation, please call (818) 885-5341, Ext. 3, or email dianna.domingo@chw.edu.**