

ESTATE PLANNING NEWS



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Planned Giving: Give and You Shall Receive

If giving to your favorite charity is at the top of your list this holiday season, you already know that warm feeling of helping to make the world a better place. If you play your cards right, your generosity will be rewarded with tax benefits, and those benefits will be more significant if you plan ahead.

Planned giving is an organized approach to giving that evaluates the donor's personal values, selects charitable organizations and gift-giving vehicles that best reflect those values, and maximizes the financial and tax benefits of the gifts.

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Announcements

I hope you enjoy these pictures, which I took in The Bahamas. It was a wonderful vacation, especially since I had free airfare after an airline incident last year. On that flight, a passenger suffered a heart attack, and so we made an emergency landing in Wichita, Kansas. Oddly enough, before departing San Francisco for Grand Bahama Island, the plane returned to the terminal and another passenger was escorted off the plane by emergency personnel.

On that note, I wish you a safe and happy holiday! I will be working through Thursday, Dec. 22. If you have any urgent matters, please contact me before Dec. 23 as I will be spending Christmas in London and ringing in the New Year in Amsterdam. My normal office hours will resume on Jan. 3, 2006.



Tip of the Month

Take Advantage of KETRA

The Katrina Emergency Tax Relief Act (KETRA) has created an incentive for taxpayers who make cash gifts to public charities between August 28, 2005 and December 31, 2005 and itemize deductions on their tax return. Whereas cash gifts are generally deductible up to 50% of adjusted gross income (AGI), KETRA permits the deduction up to 100% of AGI. In addition, the 3% overall reduction on itemized deductions for certain individuals is suspended for gifts made during this 4-month period. Furthermore, cash gifts are not restricted to hurricane relief organizations.

Ask your tax professional about whether you would benefit from increasing or accelerating gifts to public charities during the remainder of this calendar year.

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The reasonable man adapts himself to the world;
the unreasonable one persists in trying to adapt the world to himself.
Therefore all progress depends on the unreasonable man.

-- GEORGE BERNARD SHAW
Man and Superman
"The Revolutionist's Handbook"

Planned Giving

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Unfortunately, most donors do not plan their giving. Explanations for this lack of planning stem from several sources. First, many donors are unaware of the benefits of planned giving, and perceive planned giving as too complex and too expensive. Second, some donors are not willing to invest their time to carefully plan ahead. Third, other donors worry that planned giving will jeopardize their own financial situation.

Planned giving, on the other hand, addresses the donor's concerns and focuses on the donor's wishes. Instead of sending off small checks in response to random solicitations, donors can influence how their donations are spent, ensure that gifts are used efficiently, and enjoy significant tax benefits.

(1) Influence how donations are spent

The nature of charitable giving has changed over time, particularly as the baby boomer generation has reached the point where it can afford to make sizeable gifts.

Today's donors are less inclined to pass the bulk of their wealth to their children. They are more inclined to make sizeable donations to charitable organizations.

Self-made donors, in particular, prefer to exercise greater influence over their gifts. Instead of writing a check to an omnibus charity that makes distribution decisions, these donors want to be actively involved in seeing that their money targets those charities they deeply care about.

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Entertainment

Brewster's Millions (1985)

In honor of Richard Pryor, who starred as a washed-up baseball player who inherited a \$300 million fortune from a rich uncle. To get the cash, Pryor's character must spend \$30 million in 30 days - and have absolutely nothing to show for it.



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(2) Ensure that gifts are used efficiently

Planned giving maximizes the dollar amount that ultimately benefits charitable causes. For example, gifting an appreciated stock avoids the donor paying capital gains taxes, and thus more money passes to charity.

(3) Enjoy significant tax benefits

Although most donors give from the heart, tax benefits play an important role. Tax benefits often make it feasible for the donor to make a gift. Charitable remainder trusts and gift annuities, for example, provide the donor with an income stream for life, with any remaining funds passing to charity. Tax savings benefit both the donor and the charity.

(4) Teach your children

Planned giving may involve ongoing influence and thus be an excellent way to involve your

children. The donor's children can help decide who will receive gifts, and in some cases, the children can continue in that role after the donor's death.

(5) Provide a legacy

Some donors wish to leave an ongoing philanthropic legacy, something that generally can't be done without planned giving.

Planned giving includes many options, including bequests through wills and living trusts, charitable remainder trusts, charitable lead trusts, private or community foundations, charitable annuities, and donor-advised funds. If you would like to learn more about planned giving, consult with your financial planner, accountant, and attorney. Your professional team will find solutions that fit your values and personal financial situation.

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