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Fairview Financial Focus

A resource on lifestyle, fitness and financial information for friends of Fairview

Summer Issue



WHAT DUSTY ASSET DO YOU HAVE That Could Be Providing You With Income?

Savings bonds—likely the nation's most widely held appreciated asset—represent major assets that may have stopped growing and are now collecting dust, just waiting to be put to use. A tax-wise use for your appreciated savings bonds is to support a cause you care about.

Bonds are normally taxed when they are cashed, reissued to another person or reach final maturity. But you can cash in the savings bonds, pay the applicable taxes on earned interest over the years and then

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A PET: YOUR PRESCRIPTION FOR GOOD HEALTH

It's true! Owning a pet can improve your health. Read on to discover all the benefits a pet offers.



Your pet can be more than just your best friend. There's strong medical evidence that pets can also help you live a longer, healthier life.

HEALTH BENEFITS

According to the Humane Society of the United States, studies suggest that frequent contact with an animal can yield health benefits for seniors, including improved circulation, reduced bone loss, decreased stress, and lowered blood pressure and cholesterol levels.

Pets can bring a new sense of purpose to someone who has recently moved or who has gone from being part of a couple to being single. In these new situations, a pet companion that offers unconditional love can counteract feelings of loneliness.

BRAIN BOOST

Sharon O'Brien, MA, LMHC, a licensed psychotherapist and geriatric specialist, says seniors who are responsible for caring for a pet are more alert and have sharper memories.

The physical acts of tending to animal companions, whether grooming the dog or playing with the cat, can help you remain active. Pet owners also report increased social networks. Instead of staying home, they're out walking the dog around the block and meeting new people.

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CHOOSING A PET

If your lifestyle supports adopting a pet, you have options. Mature dogs and cats tend to be calmer, and they're likely to be house-trained and know some obedience. The selection of mature animals is usually large at local shelters. It is also cost-effective—adoption fees and costs for vaccinations and spay or neuter procedures are low.

Although many people think first of a dog or cat when they consider bringing a pet into their lives, smaller and sometimes more manageable animals, like fish, guinea pigs or birds, can all make fine companions—and they offer health advantages just as their larger animal kin do.

Your pet just might be your prescription for good health!

IS A PET RIGHT FOR YOU?



Location: Are you allowed to have pets where you live? Is your residence conducive to owning a pet?

Cost: Can your budget support pet expenses for food, supplies and medical care?

Demands: How much time and energy can you invest in pet grooming, exercise and daily care?

Circumstances: Do you have a medical condition or allergy that would be affected by pet hair or dander?

A LIFETIME OF LETTERS PUT YOUR DREAMS FOR THE FUTURE IN WRITING



Leave the legacy you want and make a hard time easier for those you love with an up-to-date estate plan.

Each year on the anniversary of his wedding, Jim would sit down to write a letter to his wife, Barbara. The letter spoke of the love, children, events and years they had shared. To Jim, the most meaningful part of the letter was his explanation of the decisions expressed in his most recent will and in his other estate plans. "Most important of all," Jim wrote, "is providing for Barbara, my children and my grandchildren."

Jim frequently visited his estate planning attorney to update his plans and make sure his assets would be shared among his family while minimizing possible taxation.

Upon his death, the understanding of his final wishes and the ease in which his estate plan unfolded lightened his family's grief.

His careful planning consisted of the following:

- Use of the marital deduction and a credit shelter trust (which can protect up to \$2 million from estate taxes in 2008) to keep his taxable estate free from federal estate taxes.

- Ownership of the couple's assets, one-half by each spouse, to further contribute to important tax relief.
- Creation of an irrevocable life insurance trust with special provisions to guarantee that his heirs would be properly considered.
- Naming of charitable organizations as beneficiaries so his values and good intentions would live on in the noble work of others for many years to come.

To leave the legacy you want and to make a hard time easier for those you love, plan now for your family's future with an up-to-date estate plan. We can help—give us a call.

WHAT DUSTY ASSET DO YOU HAVE

That Could Be Providing You With Income?

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contribute the balance to a charitable organization.

Historically, U.S. savings bonds have not been popular charitable gifts, primarily because Treasury regulations restrict the lifetime reissue of bonds and limit transfers to family members and personal estate trusts. Charities cannot be designated as death

beneficiaries, and the ownership of savings bonds cannot be transferred directly to charities. There are still ways, however, to use savings bonds to support a cause that is important to you—while providing benefits for yourself as well.

Solution A: Construct a gift called a charitable remainder trust using proceeds from cashing in savings bonds that first makes lifetime payments to you and one or more of your named beneficiaries, and then finally to us. The resulting

charitable deduction helps offset the amount of income taxes owed from cashing the bonds.

Solution B: Leave the bonds to us in the form of a specific bequest in your will. This is an easy way to support our mission, and it allows you the opportunity to alter your gift plans should circumstances change in your life.

So dust off those old savings bonds and put them to good use! And please give us a call if we can answer any questions you may have about this way to give.

Q&A: HOW TO INCREASE YOUR INCOME And Support a Cause You Care About

Q. I'd like to increase my income, but I'm also considering a donation to my favorite charity. Is there a trust I can create that will satisfy both of these desires?

A. Yes! The charitable remainder trust will pay you an income for life with the trust balance then going to the charitable organization of your choice. And if you fund the trust with appreciated stock, you'll receive even greater tax benefits.

Example: *Joan, 73, owns stock worth \$100,000 that pays a dividend of only \$2,000 a year. Worried about the market, she gives the shares to a charitable remainder annuity trust and elects to receive \$6,000 a year as long as she lives. Though her cost*

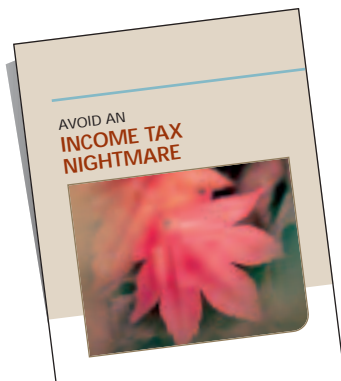
basis for the shares is \$60,000, neither she nor the trust owes any up-front capital gains tax on the \$40,000 appreciation.

Now look at Joan's remarkable benefits. She has:

- unloaded her risky stock and tripled her income.
- avoided a tax of \$6,000 on the capital gains by not selling the stock.
- entitled herself to an income tax charitable deduction of \$44,093* that will cut her taxes for several years.
- helped a cause she cares about.

If you would like to learn more about this beneficial way to give, please give David E. Hall, President a call at (630) 769-6017. He would be happy to help.

*Based on quarterly payments and a 3.4 percent charitable midterm federal rate



**65 PERCENT
IS HOW MUCH YOU
MAY OWE UNCLE SAM**

In our FREE guide, **Avoid an Income Tax Nightmare**, you will learn how making a gift of your savings bonds can save you from the vicious tax bite. Send the enclosed reply card to receive your copy.



David E. Hall, President



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