



FRIENDS OF THE ARMY

ESTATE AND FINANCIAL PLANNING IDEAS

The Army Responds to Hurricane Sandy

Hurricane Sandy, last November's "storm of the century" in the Northeast, brought into sharp focus the importance of The Salvation Army's disaster relief programs.

Salvation Army staff and volunteers moved quickly to meet the physical, emotional and spiritual needs of residents, evacuees and emergency responders. In the weeks following the hurricane the Army was serving more than 500,000 meals a day with partner charities and distributing thousands of relief supplies.

"People who haven't lived through a hurricane or seen the destruction up close may not realize the full impact," said Major Evan Hickman, who led The Salvation Army's New York-area relief effort.

Your support helps The Salvation Army to prepare for and respond to fires, earthquakes, tornadoes and storms like Sandy. Officers are trained to meet all kinds of emergencies by providing food, shelter, clothing and spiritual comfort. Disaster canteens have become familiar sights to firemen, policemen and victims alike.

We are deeply grateful for the generous contributions earmarked for disaster relief, but support is greatly needed



for the many Army programs that seldom make headlines. A few examples:

■ *Addiction Programs.*

Salvation Army adult rehabilitation centers continue to nurture those suffering from alcoholism and multiple drug addictions.

■ *Programs for Children.*

The Army helps parents develop child care skills, hosts summer camps and offers residential programs for youngsters who, sadly, cannot live with their parents due to abuse or neglect.

■ *Correctional Services.*

Salvation Army personnel and volunteers go into the prisons to visit those incarcerated.

Our planned giving staff (see the back panel) would be pleased to help you plan contributions that enable the Army to "do the most good for all the people in need."

Some people's legacies are engraved on monum



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Tips and Traps on Beneficiary Changes

Good estate planning includes blending the provisions of your will and/or living trust with all the beneficiary designations you've made on life insurance policies, IRAs and other financial accounts. Here are some points to keep in mind:

- Most financial accounts (savings, checking, certificates of deposit, etc.) can be payable on death (POD) to a friend or family member; securities held in brokerage accounts generally can name a beneficiary under Transfer on Death (TOD) registrations;

- A beneficiary designation (on a life insurance policy,

for example) supersedes a provision in your will leaving the asset to someone else;

- If you fail to name beneficiaries for life insurance, securities or financial accounts, they will become part of your estate and pass under your will or state intestacy laws – and become subject to probate;

- Some beneficiary designations carry legal restrictions; for example, a spouse's consent is required to pass a qualified retirement account (but not an IRA) to someone other than the surviving spouse; also, U.S. savings bonds cannot have a charitable organization as beneficiary;



ents, but yours can be written on lives.

■ What would happen if a named beneficiary dies before you? You should always provide for *contingent* beneficiaries, such as children of the deceased beneficiary or different beneficiaries, if that is your wish;

■ Consider the income tax consequences of naming beneficiaries. Get professional advice when naming beneficiaries of retirement accounts, which are usually subject to federal and possibly state income taxes, depending on where your beneficiary resides;

■ If your goal is to divide your estate equally among

several beneficiaries, name each to receive a percentage of every account or insurance policy (passing your life insurance to Charles, an IRA to Sally and your CDs to Ruth may not achieve your goal of equality);

■ Review your beneficiary designations on a regular basis, along with your will and other estate documents, to avoid “accidental disinheritance;”

■ Consider naming The Salvation Army as one of your beneficiaries – especially of retirement accounts, which can avoid both income taxes and estate taxes.

About Those Beneficiary Forms . . .

The beneficiary forms associated with life insurance, retirement accounts, certificates of deposit and other financial arrangements are often plain-vanilla, one-size-fits-all documents – especially forms made available online.

You should contact your account manager or customer service representative if you wish to make a designation that goes beyond just the name of a person or organization. For example, it’s possible to name The Salvation Army to receive part or all of your IRA in exchange for a charitable gift annuity payable to a surviving

spouse or others. But special instructions would need to be included on a separate page attached to the beneficiary form and referred to with words like “See Attachment A” in the space for the beneficiary’s name.

It’s important to ensure that the company understands and consents to any special beneficiary language, and to have your attorney look over these documents as well. Our staff will be glad to provide you with appropriate language for naming the Army as one of your beneficiaries.



Effective Advice on Estate and Gift Planning

Where do people typically turn when they need advice on planning their estates and/or gifts to charitable organizations?

Estate planning assistance is commonly supplied by attorneys, trust officers, financial planners, CPAs and life insurance professionals. For actual drafting of wills and trusts, people usually ask friends or family members to recommend attorneys they have worked with, or call the local bar association for names of attorneys who are active in estate planning and probate work. The American Bar Association provides links to state associations at abanet.org/barserv/stlobar.html.

As to charitable gift planning decisions, a 2012 Salvation Army “Donor Insight Survey” indicated that friends of the

Army usually rely on themselves or their spouses. If the decision involves simply writing a check to a charity, then not much planning may be needed. On the other hand, many of our supporters have found it helpful to consult our planned giving specialists for ideas on how they can make the most of their charitable giving dollars. Such strategies may involve gifts of highly appreciated securities, real estate or “life income gifts,” such as charitable gift annuities and charitable remainder trusts.

Keep in mind that our staff can provide you with a wealth of information on all aspects of your planning – estate, financial and charitable – and that there is never a charge for these services. *(See the back panel for contact information.)*

Planning After the 2013 Tax Changes

At the time this issue of *Friends of the Army* was being prepared, talk of taxes dominated the post-election news, and financial and estate planners were anticipating a late 2012 session of Congress to address various tax law “sunsets” due to occur at the end of the year. We are pleased to offer a comprehensive booklet on all the recent tax changes and encourage you to send for a free copy of *Planning After the 2013 Tax Changes*. The new laws will affect how you save, invest, spend, plan your estate and give to the organizations you support. For your free copy, just send back the attached card.

**For more information on any
of the topics discussed in
the newsletter, simply fill out
and mail this reply card.**

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DATE OF BIRTH (OPTIONAL) _____

E-MAIL _____

Thank You

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- I would like to receive a copy of your complimentary publication, *Planning After the 2013 Tax Changes*
- Please provide me with your complimentary guide on state inheritance and estate taxes, *Shrink the High Cost of Probate*.
- I'm interested in planning:
 - a gift of stock
 - a charitable gift annuity
 - a direct IRA gift.
- I am considering a provision in my will or other plans for the future assistance of The Salvation Army.
- I have already made provision in my estate plans for the Army, as follows:

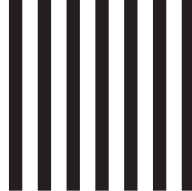


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OFFICE OF PLANNED GIVING
PO BOX 2603
GRAND RAPIDS MI 49502-0388



From the Office of Planned Giving

Spring Cleaning Time for Your Estate Plan

It's that time of year when many households are tidying up the premises – cleaning out the attic or garage and catching up on “deferred maintenance.” Why not do the same for your estate plan?

Dust off your Will or Living Trust. Events that should alert you your plans need revising are: (1) marriages, (2) divorces, (3) birth of a child or grandchild, (4) death of a spouse or beneficiary, (5) increase in your assets, (6) relocation to a new state or (7) unavailability of persons you named as executors or trustees.

Straighten up your life insurance. Just as your income, assets and family situation change over the years, so do your life insurance needs. Do you own old policies that are no longer needed for family security? Consider giving “surplus” policies to the Army.

Count up your current worth. Will your estate be

subject to federal estate tax? For 2013, an estate up to \$5.25 million can escape tax. Determine if state taxes may apply to your estate.

Inspect financial account beneficiary designations.

Who have you named to receive your IRA? CDs? Brokerage accounts? Remember that leaving part or all of a retirement account to the Army can save income taxes and estate taxes.

Many thoughtful friends of the Army, when revising their estate plans, decide to add a bequest or gift in trust to help us continue to “do the most good” for people in need. If you have made such a gift, please let us know by sending back the attached card.

Please call our office for the appropriate wording whenever you are preparing a gift through your Will, Living Trust, IRA or other beneficiary designation.



Rich Dorsey, CCNL
Planned Giving Director



Steve Francis, JD, LLM
Senior Planned Giving Advisor



Stephen Sundquist,
M.Ed., M.Phil.
Planned Giving Advisor

The Salvation Army
Office of Planned Giving
1215 East Fulton Street • Grand Rapids, Michigan 49503
(616) 459-3433 • www.tsapg.org



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