

LEGACY SOCIETY

BEDROCK SECURITY FOR YOU, YOUR FAMILY AND HOMELESS SOLUTIONS, INC.

Financial security, and the peace of mind such security brings, is a personal goal shared by most Americans. Great institutions, too, constantly strive to preserve financial stability, and Homeless Solutions, Inc. is certainly no exception.

Is there a secret formula for achieving financial security . . . the kind of “bedrock” security that instills in people – and institutions – the self-confidence to reach out, to take new paths, to find new horizons?

Hard work, certainly, is the major ingredient. But careful, sustained planning is clearly

the catalyst for preserving and extending financial security, whether it is your own family’s security or that of HSI.

This issue of our Legacy Society program concentrates on two phases of planning: planning for the most productive use of your life insurance and providing for future disability and health care risks. We have many exciting ideas for blending your hopes and plans for a secure future with the hopes and plans of HSI. We urge you to read further and, as a final step, to send for our new financial planning booklet.

YOUR LIFE INSURANCE AND HOMELESS SOLUTIONS, INC.

Life insurance may just be the ideal means to memorialize your interest in Homeless Solutions, Inc.

Many of our friends reach the point in life where their life insurance no longer has the financial significance for them that it once had. It may be time to seek new life, new significance for those old life insurance policies – as a thoughtful gift to HSI.

Purchase of a new policy as a gift to Homeless Solutions, Inc. can provide a gift of startling significance. Premiums can be paid over your lifetime, or as a single lump sum, or be paid up after several years.

Gifts of life insurance have long been popular, for several good reasons:

- Life insurance permits you to arrange a substantial gift through a series of modest lifetime payments.
- Gifts of life insurance are certain – the full proceeds are payable to HSI when the insured dies.
- Tax savings, both in income taxes and federal estate taxes, can be significant.
- Life insurance is paid promptly and is not tied up in the administration of an estate.
- Unlike a will, life insurance is not a matter of public record.

We hope you will return the enclosed card for your copy of *Tax and Financial Planning Techniques*, which explores the many good uses for your life insurance as well as other important areas of tax and financial planning.



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This publication is prepared for the information of our friends and donors and illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should, accordingly, consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

PLANNING FOR

LIFE'S UNCERTAINTIES



S-T-R-E-T-C-H THE VALUE OF YOUR LIFE INSURANCE

Your life insurance is a remarkable asset – more valuable, and versatile, than you may have imagined.

The possibilities for using life insurance are almost limitless. A few dollars in premiums can ensure relatively large death benefits. Ownership rights in the policy can be transferred readily from one person to another. What begins as life insurance can

evolve into retirement insurance. A policy owner may elect to stop paying premiums but keep a lifetime amount of “paid-up” insurance.

The important point is that you become aware of the opportunities for truly stretching the value of your own life insurance policy:

- You can borrow against your life insurance policies, often at very low rates of interest. You can even borrow against the policy to pay the annual premiums.

- Life insurance can play a vital role in a business buyout arrangement or deferred compensation plan – or even as security for a loan.

- Your beneficiaries generally will receive the proceeds of your life insurance tax free.

- Life insurance can provide liquidity in your estate, i.e., a source of dollars that will be available to your executor to pay your estate’s debts, settlement costs and death taxes.

- You can use life insurance to fund a trust to provide, after

your death, a lifetime income for your spouse, with the principal then going to your children . . . or as a tax-favored deferred bequest to benefit our programs.

- You may want to convert your policy to a paid-up annuity to provide extra income when you retire – or cash in the policy and reinvest the funds to provide retirement income.

- Life insurance is a government-sanctioned tax shelter in which the money you invest can grow tax free. Lifetime withdrawals often can be tax free.

- Life insurance provides an opportunity for making a low-cost gift to our future. Any policy assigned to us will qualify for an immediate deduction, and any premiums paid in the future also are deductible.

PROTECTING AGAINST THE COST OF LONG-TERM ILLNESS

The staggering cost of catastrophic illness and long-term nursing home care ranks as one of the most important concerns of aging Americans and their families.

What can a person do? It’s important to make your plans as early as possible. Health insurance or nursing home insurance is one option, but

you should investigate scrupulously the companies and policies before buying. The most important step is to see an attorney who specializes in laws affecting the elderly. He or she can advise you on whether you should establish trusts, buy insurance or change the way you own your property.

MAKE PLANS FOR SOMEONE TO HANDLE YOUR FINANCES

Who would take over your affairs if you become unable to handle them personally? Two or three options generally are available:

1. **POWER OF ATTORNEY.** In most areas you can establish a “durable” power of attorney, naming a friend or relative to act for you. Check

with your advisers whether your power of attorney indeed will continue in effect if you are disabled.

2. **TRUSTEESHIP.** You can set up a revocable living trust and name a trustee (money manager) who will act on your behalf as to the assets placed in the trust. The trustee can provide valuable assistance in the event of disability. You could be the trustee at first and provide for a “stand-by” trustee in case you are

disabled. A power of attorney sometimes is incorporated into trusts, as well.

3. **GUARDIANSHIPS.** Courts will appoint guardians for persons who become incompetent – an often costly and time-consuming arrangement. With a trusteeship or a power of attorney, you – not a court – decide who will handle your affairs. Guardianships provide the protection of court supervision of all transactions made on your behalf.

HOW WILL HEALTH CARE DECISIONS BE MADE?

Most thoughtful people consider whether they would want life-sustaining medical treatment if they were comatose and had no chance of recovery from an accident or illness.

We suggest that you make your own wishes known, in writing, before the question arises, through a power of attorney for health care or a “living will.”

A power of attorney for health care names a person to make health care decisions for you, in the event you are incapacitated, and specifies the circumstances under which you want life-sustaining treatment maintained, withheld or removed.

A “living will” is a written statement as to your preferences on life-sustaining treatment. Living wills are not universally recognized, but they nonetheless may serve your needs. It is important to sign and date your living will, before two witnesses, and to discuss the will with close friends or family members. Review the document once a year, adding your initials and date to show that you have not changed your mind about treatment.

YOUR BEQUEST CAN MEMORIALIZE YOUR LIFETIME GIFTS*	
If Your Annual Gifts Total:	You Can Perpetuate Them with a Bequest of:
\$ 100	\$ 2,500
\$ 200	\$ 5,000
\$ 300	\$ 7,500
\$ 400	\$ 10,000
\$ 500	\$ 12,500
\$ 750	\$ 18,750
\$ 1,000	\$ 25,000
\$ 5,000	\$125,000
\$10,000	\$250,000

*A 4% annual return on your bequest, as represented in these tables, would ensure that you can always continue your thoughtful gifts for our future. Note: This chart is merely one suggestion for planning your bequest. Many friends choose a bequest of a percentage of their estate or a particular item or property. Please ask our office for bequest planning ideas.