

ASSURING A JEWISH ANN ARBOR



**We are worth what we are
willing to share with others.**

Rabbi Jonathon Sacks

former Chief Rabbi of Great Britain

1948-2020

THIS PROGRAM:

- ▶ Will encourage a discussion for you and/or your partner on the priorities and outcomes of your legacy.
- ▶ Will prepare you to meet with your advisor(s) to formalize your estate plan.
- ▶ Will suggest to you how to enhance the estate planning process.

No plan in place—Government takes over and directs the outcome!

OVER 50% OF PEOPLE HAVE NO PLAN

ADDED HELPFUL TOPICS

- ▶ Required Minimum Distribution (RMD)
- ▶ Donor Advised Fund (DAF)
- ▶ Family Communications
- ▶ If you are in your 20's, 30's, 40's...

PLAN WILL REFLECT:

- ▶ **Your Values**
- ▶ **Your Goals**
- ▶ **Your Role**

YOUR VALUES

- ▶ Life journey and family values
- ▶ Important influences or events in your life
- ▶ How have Jewish values and our Jewish community enriched your life

How will you perpetuate your values to your family and community?

YOUR GOALS

- ▶ Maintain and build financial independence
- ▶ Provide for your family members or others
- ▶ Maximize the distribution of your assets to either your family, the government and/or the charities of your choice
- ▶ Ensure our Jewish Ann Arbor is a vibrant community for future generations

YOUR ROLE

- ▶ You own and control all the resources
- ▶ You establish the values and goals for your plan
- ▶ You decide who to support in your family, how and when to give support
- ▶ You direct your philanthropic support
- ▶ You can change most parts of the plan

TAKING CARE OF YOU

- ▶ What do you require to maintain the lifestyle that you choose?
- ▶ How do you wish to enhance your lifestyle?
 - ▶ Homes, travel, recreation
- ▶ Are your health care needs covered?
- ▶ Have you provided for inflation and unexpected needs?

PROVIDING FOR YOUR FAMILY

- ▶ How much do you wish to provide?
- ▶ Do you wish to provide resources now, in your estate plan, or both?
- ▶ Who needs your financial support?
- ▶ Is there an amount that you do not want to exceed?
- ▶ How responsible are they with the resources you might provide?
- ▶ Is there a reason for this gift? Education, buy a home, start a business

YOUR RESOURCES

- ▶ Retirement assets
- ▶ Real estate, primary and secondary
- ▶ Investments and businesses
- ▶ Insurance policies
- ▶ Art or other appreciated assets

TYPES OF ADVISORS

- ▶ Estate Planning attorney
- ▶ Financial planning
- ▶ Tax planning
- ▶ Trust and investment management
- ▶ Insurance
- ▶ Philanthropy

EACH SHOULD BE A SPECIALIST.

A GREAT PLAN

- ▶ Will allow you to control distribution of your assets
- ▶ Will allow you to be tax efficient
- ▶ Will let you decide who benefits from your philanthropy

Documentation - Seek legal assistance

I am NOT an Attorney!

- ▶ Everyone should have these now:
 - ▶ Power of Attorney for Finance (electronic footprint)
 - ▶ Power of Attorney for Health Care (Advanced Directives, HIPAA, Medical Information)
 - ▶ When child turns 18- Needs Power of Attorney and Health Care proxy
- ▶ At Passing:
 - ▶ Will - appoints a personal representative
 - ▶ Trust - successor trustee follows your wishes
 - ▶ Beneficiary Designations - either transfer or pay

POTENTIAL PROBLEMS

- ▶ Documents are not signed or properly witnessed
- ▶ Old and/or out of date documents control the plan
- ▶ Family is not told of your plan and the philosophy behind it (Family meeting)
- ▶ Who receives family heirlooms (art, jewelry, keepsakes or other special items)
- ▶ Charities not given full information of your intent

COMMON MISTAKES

- ▶ Most people spend more time planning their vacation than they do in planning their estate.
- ▶ You are stuck in the information gathering stage

And NEVER take action

TO HAVE A GREAT PLAN

You need:

- ▶ Thoughtful reflection and discussion
- ▶ Time and effort
- ▶ To recruit qualified advisors

This is not a one-time endeavor; it takes ongoing attention!

ACCORDING TO ANDREW CARNEGIE

“It is more difficult to give money away intelligently than to earn it in the first place.”

REASSESSING THE PLAN

By retirement, most retirees already have:

- ▶ Educated their children
- ▶ Own their home and possibly a 2nd home
- ▶ Traveled extensively
(This might increase between 65-75)
- ▶ Acquired the possessions they want

Lifestyle does not drastically change

Later in retirement:

- ▶ Spending habits usually decrease
- ▶ Might move closer to family

QUESTIONS:

- ▶ How does your estate plan reflect your values and goals?
- ▶ How do you want to be remembered by future generations?
- ▶ Do you now receive annually more than you need to maintain your standard of living?
- ▶ How much is enough for your family members?
- ▶ How much do you want to leave to the government?

REVIEWING YOUR PLAN

- ▶ Regularly assess each asset and its contribution to the plan

Review the plan

- ▶ If you move to a different state
- ▶ When the laws change
- ▶ Significant changes in your family
- ▶ Your goals or priorities change
- ▶ At least every 3 years

WAYS OF BEING PHILANTHROPIC

- ▶ Outright gifts of cash, appreciated stocks, and real property
- ▶ Charitable Trusts
- ▶ Final allocation of your retirement assets
- ▶ Use of your Required Minimum Distribution (RMD)
- ▶ Establish/donate through your Donor Advised Fund (DAF)
- ▶ Charitable bequests and endowments
- ▶ Endow your annual Dues/Pledge

DONOR ADVISED FUNDS (DAF)

Act as a Philanthropic Checkbook

- ▶ Tax deduction when money placed in fund, if you itemize (over \$24,800)
- ▶ Many places have DAFs like Federation, Fidelity, Schwab and community foundations
- ▶ Gifts can be directed to any 501 (c) (3)

REQUIRED MINIMUM DISTRIBUTION (RMD)

Qualified Retirement Plans

- ▶ Must be at least 72 and not working
- ▶ From an IRA or other qualified plan
- ▶ Limit of \$100,000 per year
- ▶ Also, can serve as a Philanthropic checkbook
- ▶ Cannot go to an income agreement or DAF
- ▶ No Federal income tax or charitable deduction, must go directly to charity

IMPORTANT POINTS

- ▶ Qualified Retirement plan assets must pay income tax at the beneficiary's rate when received - one of first assets to give to charity (except for Roth)
- ▶ New rule: Heirs must deplete an inherited IRA within 10 years of your passing (some exceptions)
- ▶ Stock basis will be revalued at time of death for the beneficiary - no capital gain tax

TESTING THE WATERS

- ▶ Opportunity to try portions of the plan and modify if necessary
- ▶ See the plan in action without full commitment
- ▶ Great satisfaction of seeing your philanthropy in action

FAMILY CONVERSATIONS

- ▶ Have regular family meetings (age appropriate) to include discussions of:
 - Your health status and advanced directives
 - Your finances (in general)
 - Charitable designations
 - Your wishes regarding: Long-term care, nursing home, Hospice Care and end of life desires

MAKE FAMILY MEMORIES AND HAVE SHARED EXPERIENCES

- ▶ Enjoy time with your loved ones
- ▶ Create or enhance family traditions
- ▶ Travel with family
- ▶ Holiday celebrations
- ▶ Grandparent/grandchild experiences

YOUR ELECTRONIC FOOTPRINT

- ▶ Digital Asset Law
- ▶ Fiduciary - update Will or Trust and Power of Attorney
- ▶ Passwords - Where are they stored, who has access
- ▶ Make a list, must be kept up-to-date
- ▶ Back-up storage of data, photos

IN YOUR 20s

Start retirement savings

Inform someone close to you of these in the event you are unable to make decisions in the future

► Power of Attorney(s)

- Health Care: Advanced Directives
- Financial
- HIPAA
- Electronic footprint

IN YOUR 30s

- ▶ You may have started a family, own a home and have improving financial assets
- ▶ Investigate: Will, Trust or Insurance needs
- ▶ Guardianship: Who will be responsible for the children
- ▶ Update documents as needed

IN YOUR 40S AND 50s

- ▶ Update estate planning
- ▶ Investigate long term care insurance
- ▶ Have a discussion with parents of their wishes and plans
- ▶ Goals and Priorities developed
- ▶ Communicate with family

IN YOUR 60S AND BEYOND

- ▶ Regular Review and Update
- ▶ Communicate
- ▶ Regular Review and Update
- ▶ Communicate
- ▶ Regular Review and Update
- ▶ Communicate
- ▶ Regular Review and Update
- ▶ Communicate

FINAL POINTS

- ▶ This program is designed to start the development of your plan or review your current plan
- ▶ ALWAYS consult with your professional advisors before you sign any documents
- ▶ Do not make handwritten changes to any signed documents
- ▶ Communicate with your family and charities about your plans and wishes

The last gift
you can leave
your family is that
all your affairs are in
order!

If you have questions or helpful suggestions:
please contact either:

Alan Cotzin
Cell 734 604-2143
Email acotzin@gmail.com

Eileen Freed, Executive Director
Jewish Federation of Greater Ann Arbor
734-773-353
eileenfreed@jewishannarbor.org

For Additional information:

Foundation Website <https://www.jewishannarbor.org/ways-to-give/planned-giving/foundation>

In development: emails will be sent as items are posted:

- Computer friendly Estate Planning Record book. An easy way to record your estate information that is easily updatable on your computer.
- Getting Started, the Chai (18) Questions! Worksheet that you and/or spouse complete separately and then share your responses.
- Slide deck and recording of this program
- Future items: Wills, Trusts, Ethical Wills, Required Minimum Distribution, Donor Advised Funds and others as requested

Life and Legacy Website <https://www.jewishannarbor.org/ways-to-give/planned-giving/life-legacy/>

Information and Materials related to the Life and Legacy program

LEGACY PARTNERS:



HEBREW DAY SCHOOL
OF ANN ARBOR



Jewish Community Center
of Greater Ann Arbor



Jewish Federation®
OF GREATER ANN ARBOR

