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# VibrantLiving Financial Focus

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

*Spring Issue*



## WHY IS MY 40-YEAR-OLD ASKING FOR MONEY?

**T**hink back to the '60s. Remember mowing the lawn of a house that you would soon own in full? Do you recall daydreaming about retirement? You felt secure in the present and prepared for the future. Now think about your children's financial situation. In 2007, Americans saved an average of \$449 and carried an average of \$121,650 in debt,

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## WHY IS MY 40-YEAR-OLD ASKING FOR MONEY?

### What to Do When Your Grown Children Are in Debt



#### A Better Future

Helping your grown children manage their finances can allow them to leave the people and causes they love with lasting legacies—instead of lasting debt.

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according to *The New York Times*. They're living minimum payment to minimum payment and saving little, if anything, for the coming years.

#### WHAT HAPPENED?

Stagnant incomes, trivial savings and declining asset values have turned up the heat on your children's money pressures. These factors make it more difficult for them to stay on top of their growing debt. Eager financiers have helped your children overextend themselves on credit cards and home mortgages because lenders care more about a continuous stream of income from fees and interest charges than about debt repayment.



#### HOW CAN YOU HELP?

- Find a reputable credit counselor.
- Help them make a budget.
- Talk to them about their dreams and goals.
- Suggest low-cost or no-cost family events.
- Agree to cut back on gift purchases.
- Avoid criticizing or shaming them.
- Brainstorm ways for them to save or make extra money, such as a garage sale or a second job.
- Suggest they take a financial class.

Your love and support can enable your children to regain control of their finances and prepare to benefit future generations.

## QUIZ YOURSELF: Do You Know What to Do When a Loved One Dies?

**1** Typically, how many certified copies of the death certificate should you obtain?

- a) One is sufficient.
- b) Two—one for you and one to file with the state.
- c) At least 10 on average for paperwork purposes, but the size of the estate may require more or less.
- d) One for every member of the family.

**2** If your loved one has died without a will,

- a) The court will appoint a representative to act as executor.
- b) The closest living relative is entitled to make all decisions.
- c) An attorney must be employed to handle the estate.
- d) The entire estate will go to the state where the deceased lived.

**3** Upon the death of a loved one, a good rule to follow is

- a) Postpone any major decisions until one year has passed after the death.
- b) Plan an extended vacation—you deserve it.
- c) Jump back into everyday activities as soon as possible.
- d) Isolate yourself so that you won't have interruptions during your period of grieving.

# CASE STUDY: BUT WHAT ABOUT THE KIDS?

How to Support Favorite Causes Without Leaving Your Loved Ones High and Dry

After years of running a successful business, Jane and Dan, both 70, have found themselves in a position to help others.

They determine two major priorities: 1) to provide for their son, and 2) to make a significant gift to our charitable organization.

Upon the advice of their estate planning attorney, Jane and Dan establish a *charitable remainder trust*. They fund the trust with \$500,000 of appreciated stock. Even though this stock has lost value in recent years, for tax purposes, it is still appreciated because its current value is more than what they originally paid for it. By giving the stock to a charitable trust, Jane and Dan:

- Receive a variable income for life from the trust based on 5 percent of the fair market value of the trust assets as revalued each year.
- Avoid all up-front capital gains tax on the stock's appreciation.

- Can take an immediate charitable deduction on their income taxes of about \$208,855.\*
- Leave a legacy at the end of their lifetimes when the remaining assets go to support our organization.

#### THE LIFE INSURANCE SOLUTION

Jane and Dan's next objective is to replace the inheritance their son would have received had they not been so charitably inclined. While there are several ways to replace the value of this charitable gift, the couple decided to give their son enough money to buy a \$500,000 insurance policy on their lives,

*\*Based on quarterly payments and a 2.4 percent charitable midterm federal rate*

## SPECIAL OPPORTUNITY

If you're 70½ or older, you can make tax-free gifts of up to \$100,000 directly to charity from your IRA in 2009. This is a smart way to use your heavily-taxed IRA assets, enabling you to leave more tax-wise assets to heirs. Contact us for details.

naming their son as the owner and beneficiary of the policy. By doing so, they are able to make a charitable gift while their son's inheritance remains fully intact.

#### WE CAN HELP

Please contact us to learn more about tax-wise charitable giving solutions that put your family first.

#### YOUR RESULTS

Whether you were stumped by most of the questions or you aced the quiz, our **FREE** guide, *What to Do in the First 48 Hours When You Lose a Loved One*, can help you through this stressful situation.

It will be difficult to think through pressing matters in the actual event of a loved one's death, and when that

time comes, you can reach for this handy tool. Request it by returning the enclosed reply card today.



## COMMUNICATING YOUR ESTATE AND GIFT PLANNING DECISIONS TO FAMILY



Contact VibrantLiving Foundation to

learn more about the benefits of gift planning and how you can support our important mission.

Discussing financial information with your family may be difficult, but sharing your plans now avoids misunderstandings later.

### HOW TO APPROACH THE ENCOUNTER

**Decide if you want a trusted advocate with you.** Would you communicate more effectively if a third party such as your attorney were present to support what you say?

**Schedule your discussion** around an occasion that celebrates your life and family, when it's natural to talk about what's important to you.

**Begin by openly sharing what you intend to accomplish** through the financial decisions you've made. Common gift planning objectives include:

- Preserving your wealth.
- Reducing income or estate taxes.
- Passing wealth to the next generation.
- Continuing philanthropic work after you're gone.

**Recap by explaining how philanthropy meets your charitable and financial goals.** You may find a circle of loved ones who support the important life decisions you've made.

## THANK YOU FOR YOUR GENEROUS SUPPORT

We can't say *thank you* enough for your support, which has helped us bring our charitable vision and mission to life! If you have made a planned gift to us through your will, trust or some other means and have not notified us, we would love to hear about it so we can thank you in person.

## ACTION LIST What You Can Do Today



**1** If you sense your grown children are having financial trouble, use some of the tips in this newsletter to help them get back on track.

**2** Return the enclosed reply card to receive a **FREE** copy of our guide that will help you prepare for the death of a loved one.

**3** To learn more about the different ways to support VibrantLiving Foundation, please feel free to contact us at no obligation.



David E. Hall, President



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