



## Accountable Advice

October/November 2011 Newsletter

Financial Planning | Investment Management | Trust & Estate Services | Private Banking | Retirement Plan Services

### Did you know?

According to the Social Security Administration, someone earning an annual income of \$50,000 and retiring this year at age 62 could expect about a \$1,000 monthly benefit. If that person waited to age 70 to retire, the benefit would be boosted to about \$1,951 per month. Nevertheless, 72% of Social Security recipients begin drawing their benefits at age 62, the earliest year of eligibility.

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*Has there ever  
been a  
tougher  
environment  
for retirement?*

You need more than money when you retire.

You need a plan. You must see to it that your money doesn't retire when you do. That's why you should learn more about our asset-management services.

We provide our clients with professional, unbiased investment supervision, tailored to their personal requirements. To learn more, call on us at 800/970.495.1293.

### Stretching Your Charitable Dollars

You cannot respond to all the worthy causes that seek your financial support, but you may be able to do more than you realize. It's all a matter of planning. Here are some techniques being used by thoughtful supporters of schools and colleges, health and social welfare groups, the fine arts and a broad range of other charitable organizations that might be particularly valuable to you as you consider year-end tax planning.

#### Donate appreciated securities

Giving appreciated securities instead of cash to a qualified charity can offer a double tax benefit.

Example: Assume you are in the 35% bracket for federal income tax purposes, and you are able to fully deduct a \$10,000 charitable gift, either cash or in-kind in this tax year. A cash donation of \$10,000 to your favorite charity would "cost" you \$6,500 (\$10,000 less the \$3,500 in tax you save by deducting your donation from your taxable income). Now suppose that, instead, you donate stock worth \$10,000 that you purchased many years ago for \$5,000. You're still entitled to a \$10,000 charitable deduction, but you also avoid the 15% capital gain tax on the appreciation in the value of the stock that you would owe if you sold it. That additional \$750 saving reduces the net cost of your \$10,000 donation to \$5,750.

#### Enhance your income by creating a charitable remainder trust

This type of trust allows you to set aside a substantial gift to a qualified charity and reserve income payments for life. The payments may be based on a specified percentage of the trust fund's market value each year. (This arrangement is called a charitable remainder unitrust.) Or the payments may be structured as a fixed dollar amount each year (a charitable remainder annuity trust).

Example: Mrs. Andrews wishes to make a substantial gift to her college, but she also needs more generous income from \$200,000 worth of securities, currently yielding only about 2%. She decides to set up a charitable remainder unitrust. As life beneficiary, Mrs. Andrews will receive 6% of the trust's market value each year. At her death, the assets remaining in

trust will pass to the college, just as if she had made a charitable bequest. Thanks to the trust, Mrs. Andrews will receive a substantially better income flow each year. She's also entitled to treat part of her \$200,000 deferred gift as an immediate charitable deduction. (The portion deductible in these cases depends on the donor's age, the level of the reserved income payments and other factors.) Further, capital gains tax consequences to Mrs. Andrews are minimized if the trustee sells her low-yielding securities in order to reinvest in higher-yielding investments.

Charitable remainder annuity trusts provide greater certainty with respect to the distribution amount than unitrusts: The donor knows exactly how much the trust will pay each year. Unitrust payments fluctuate with market conditions. Still, in the long run most of the fluctuations should be upward, creating a growing income flow that helps the donor keep abreast of the rising cost of living.

Note: Charitable remainder unitrusts can be funded by installments if desired. Annuity trusts must be funded all at once; no later additions may be made.

#### Conserve family wealth with a charitable lead trust

Want to help your favorite qualified charity and pass along part of your estate to your children or grandchildren in a way that minimizes or eliminates gift tax? Consider a charitable lead trust.

Charitable lead trusts work much like charitable remainder trusts, but in reverse. A charity receives unitrust or annuity payments for a specified number of years, then the trust remainder passes to family beneficiaries.

Example: Mr. Brown, who heads a campaign to build a new children's wing for the hospital, plans to make generous annual contributions to the building fund. He also welcomes the idea of transferring part of his substantial estate to his grandchildren in a tax-efficient manner. He places \$300,000 in trust to pay a fixed 8% (\$24,000) annually to the hospital building fund. After ten years the annuity payments will stop,

Continued on page 2...

# Wealth Management Seminars, Events & Women's Series

OCTOBER   2011						
SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						1.
2.	3.	4.	5.	6.	7.	8.
9.	10. Columbus Day Bank Closed	11.	12. Seminar	13.	14.	15.
16.	17.	18.	19.	20.	21.	22.
23. /	24.  Halloween 31.	25. Seminar	26.	27.	28.	29.
30.						

## Downsizing: Why Do We Hold Onto Things?

3:00 – 5:00 p.m., Wednesday, October 12, 2011

McKee Conference Room and Wellness Center, Friends Room • 2000 Boise Avenue, Loveland

Presenter: Rhonda Morehead, JD, CTFA, Assistant Vice President and Senior Trust Officer for First National Wealth Management

A lifetime of accumulations can be a joy, but now you're thinking about downsizing. What is your plan to complete this task? Are your antiques, collections and family memorabilia keeping you from moving forward? Do your estate planning documents match your wishes? Attend this discussion and learn how to get your personal possessions in order, ways to dispose of unwanted belongings, how to leave treasured heirlooms to loved ones, and how to make the most of giving to a charity – now, or as your legacy. No charge. Limited seating. McKee Medical Center Foundation is a co-sponsor of this seminar. Please call them at 970.635.4001 to register.

## Gearing Up: It's Time to Talk Taxes

9:00 – 11:00 a.m., Tuesday, October 25, 2011

Medical Center of the Rockies, Longs Peak Conference Room, 2500 Rocky Mountain Avenue, Loveland

Presenters: Denise Juliana, CPA, MS, Sample & Bailey and Rhonda Morehead, JD, CTFA and Senior Trust Officer, First National Wealth Management

Are you confused about taxes? How do you know if you are taking advantage of all of the tax deferrals that are available to you? What are the new estate tax guidelines for 2011? Should we anticipate that there will be other tax changes later in 2011? We will discuss a variety of topics including Health Care Reform, paying off your mortgage early, charitable giving, estate planning, college funding, positioning your investment portfolio, estate tax and other tax updates. The class is co-sponsored by the Aspen Club and Planned Giving Committees of MCR and PVH Foundations. Please register by calling the Aspen Club at 970.495.8560. Refreshments will be served.

## Stretching Your Charitable Dollars... Continued from page 1

and the trust remainder will be divided among the grandchildren—or held in continuing trust for their benefit if they're under a certain age. Result: Through the trust, Mr. Brown is essentially making the same donations of \$24,000 that he intended to make directly. However, with the charitable lead trust, he's also putting aside \$300,000 for the grandchildren, and for gift tax purposes, he is charged with a gift of much less than \$300,000: His taxable gift is limited to the "discounted present value" of the trust remainder.

If you are charitably inclined, today's low interest rate environment makes charitable lead trusts even more attractive. The discounted present value of the remainder interest is reduced, minimizing the value of the taxable gift. The idea behind "planned giving," as the fund-raisers for charities call it, is that you should sit down, consider your charitable intentions, and look at the ways in which these intentions can be linked with steps that create greater financial security for yourself or members of your family. It's an idea often worth pursuing.

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The general information in this publication is not intended to be nor should it be treated as tax, legal or accounting advice. Additional issues could exist that would affect the tax treatment of a specific transaction and, therefore, taxpayers should seek advice from an independent tax advisor based on their particular circumstances before acting on any information presented.

NOVEMBER | 2011



SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
		1.	2.	3.	4.	5.
6.	7.	8. Market Summit	9. Seminar	10. Market Summit	11.  Veteran's Day Bank Closed	12.
13.	14.	15.	16.	17.	18.	19.
20.	21.	22.	23.	24.  Thanksgiving Day Bank Closed	25.	26.
27.	28.	29.	30.			

### Fourth Annual Market Summit presented by First National Wealth Management

There is no cost to attend, but reservations are requested. Please R.S.V.P. by Tuesday, November 1st to Sara Seely at [wealthmanagement@1stnationalbank.com](mailto:wealthmanagement@1stnationalbank.com) or 800/970.495.1293 and indicate which seminar you plan to attend.

#### Boulder County Market Summit

5:30 – 7:30 p.m., Tuesday, November 8, 2011  
St. Julien Hotel and Spa • 900 Walnut Street, Boulder

#### Northern Colorado Market Summit

5:30 – 7:30 p.m., Thursday, November 10, 2011  
Embassy Suites Hotel, Spa & Conference Center • 4705 Clydesdale Parkway, Loveland

#### Downsizing: De-cluttering & Organizing Your Life

3:00 – 5:00 p.m., Wednesday, November 9th, 2011  
McKee Conference Room and Wellness Center, Friends Room • 2000 Boise Avenue, Loveland

Presenters: Rhonda Morehead, JD, CTFA, Assistant Vice President and Senior Trust Officer for First National Wealth Management and Jo Inman, Owner and Senior Appraiser of Lone Pine Estate Services

This is the second seminar of a two-part series is a follow-up to “Downsizing: Why Do We Hold Onto Things?” Rhonda will provide more information on ways to organize your home and home office, where to store your documents and how long to keep them. Jo will share helpful strategies on downsizing your household, holding an auction, using an appraiser, deciding market value and liquidating an estate. No charge. Limited seating. McKee Medical Center Foundation is a co-sponsor of this seminar. Please call them at 970.635.4001 to register.



*The entire staff at First National Wealth Management extends warm wishes to you and your family for a joyous holiday season.*

*Continue to watch for our seminars, Women's Series and events in 2012!*



## History

With nearly \$4.5 billion in assets under management, First National Wealth Management provides comprehensive advice to successful individuals, families, and institutions to help them solve problems relating to using and managing their wealth. Striving to be the best at what we do takes great commitment - a commitment to building and maintaining a team of motivated professionals with extensive expertise, and to ensuring that the management of our business and the decisions impacting our clients are done locally. You will sit at the same table with the professionals who make the decisions affecting your portfolio, work with your bank accounts, and give you advice. You will learn from us our current thinking and strategies and can ask us direct questions. At First National Wealth Management, our clients are our top priority. It's through this commitment we've enjoyed more than 80 years of service to the community and have grown into one of the leading wealth management firms in Colorado.

## Contact Us

If you are new to First National Wealth Management and would like to learn more about our service offerings, please contact Jeff Kadavy, Managing Director of Private Client Services, at 800.495.1293 or [jkadavy@1stnationalbank.com](mailto:jkadavy@1stnationalbank.com).

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## Newsletter Opt Out

We hope that you find this information helpful as you make financial decisions. However, should you decide that you would rather not receive the newsletter, please contact us at 800.495.1293 or [wealthmanagement@1stnationalbank.com](mailto:wealthmanagement@1stnationalbank.com).

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