



The Benefactor

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Marysville Couple's Legacy of Generosity

Her signature is clear, firm and reveals a strong and resolute character. In 2000, at age 93, Julietta Gellerson signed an amendment to her living trust agreement. This was the sixth time an amendment was made to the original living trust that Julietta and her late husband, Harold Gellerson, had established 15 years earlier. Since their marriage in 1930, they had built an estate worth well more than \$1 million through shrewd investing. Since the couple was very civic-minded, they wanted to make sure that, upon their deaths, most of their assets would be reinvested in the community work that had been so important to them during their lifetimes. A living trust accomplished their goal.

In 1985, the Gellersons transferred their assets to a living trust. The couple could amend the trust at any time. It specified estate distributions to family members and to five charities, including Sno-Isle Community Blood Bank, which later merged with Puget Sound Blood Center.

Longtime Marysville residents, Harold and Julietta Gellerson knew of the importance of the Blood Center's work through first-hand experience: Harold needed frequent blood transfusions to cope with leukemia, which took his life in

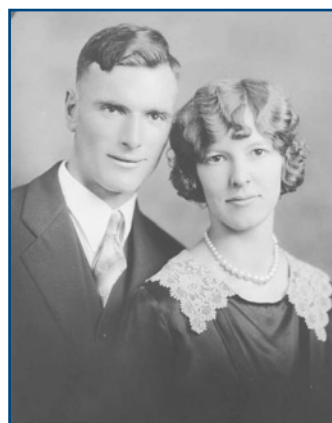
1989. Julietta died in 2002 at age 96, and the Gellersons' legacy was carried out through her trust. Puget Sound Blood Center received \$152,824 "for the promotion of the services of the blood center."

Julietta's cousin, Teresa Johnson, says "Harold and Julietta wanted to do good things for their community. They wanted the money left behind to be used to help people and did not

want a big fuss on their behalf."

Harold Gellerson served in the Merchant Marines during World War II. He was a salesman for Sears for many years and finished his career working at Nord Door. He was active in civic affairs, donating many hours of community service to government and social agencies

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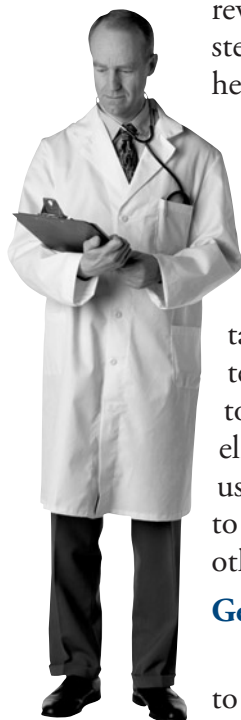


Harold and Julietta Gellerson's wedding photo from 1930



Health Concerns and Estate Consequences

A serious illness is an indication to husbands and wives that it's time to revisit estate plans. What are some steps to consider if one spouse suffers health problems?



Review asset ownership

It's possible for a couple to pass up to \$3 million if the estate plan is structured to take maximum advantage of each spouse's estate tax credit. Assets held in joint tenancy generally pass automatically to the survivor and therefore are not eligible for use in a trust designed to use the credit. Ownership may need to be transferred to one spouse or the other to save eventual estate taxes.

Get documents in order

Make sure both spouses' wills are up to date and that any trusts reflect the couple's wishes and take advantage of tax-saving opportunities.

Capital gains and losses

Consider leaving assets that have increased in value to family members. The recipient takes a cost basis equal to the date-of-death value, thereby avoiding capital gains taxes. A family member who receives a loss asset takes a basis equal to the fair market value; the capital loss deduction is wasted. Consider selling loss assets to lock in the capital loss deduction, or make a lifetime gift of the assets, to the spouse likely to survive. He or she takes the same basis, even if that's greater than the fair market value. If the spouse who is likely to survive owns assets with significant capital gains, consider giving these to the spouse in ill health. When these assets pass to other family members at death, there will be a step-up in basis, eliminating the capital gains.

Be Careful When Doing the "Splits"

Tax laws permit \$11,000 annual gifts to as many people as you wish, free of gift tax. Married couples can double that amount by splitting the gifts. There are cases, however, in which caution should be used in splitting gifts:

- A consent to split gifts covers all gifts made during the year. Transfers in excess of the tax-free amount may require the use of the gift tax credit (sheltering lifetime transfers up to \$1 million), possibly reducing the amount that can pass free of tax to others.

- An election to split gifts can be made in the

year that one spouse dies, but only as to gifts made prior to death.

- Only U.S. citizens or residents may consent to split gifts. A non-resident alien spouse is not eligible to make the election.

It is not necessary to split gifts when the asset is jointly owned by the couple. The couple may shift ownership of assets, allowing each spouse to take full advantage of the opportunity to make \$11,000 gifts without the necessity of consenting to the split.

Designate Your True Intentions

Have you looked recently at your life insurance, 401(k) plan or IRA beneficiary designations? The forms filled out years ago may no longer represent your wishes for the disposition of your assets.

■ Ralph's wife was beneficiary of his life insurance. At his death, all estate tax was avoided, thanks to the marital deduction. But at his wife's death, unnecessary tax was due. Ralph could have used the insurance to fund a trust that took full advantage of his estate tax credit, provided financial support to his wife and reduced estate taxes at her death.

■ Martha, a widow, named her daughter the beneficiary of her 401(k) account. Martha married Eugene, who had a significant estate of his own. At Martha's death, her 401(k) passed to Eugene because he had not waived his spousal rights under federal law.

Life insurance, retirement accounts and jointly owned property pass automatically at death, not as part of your estate. Failing to coordinate your beneficiary designations with the rest of your estate plan could result in additional taxes or in assets passing to unintended beneficiaries. Ask your attorney to review the designations in light of your overall estate plan.

How Long Should You Keep Your Tax Records?

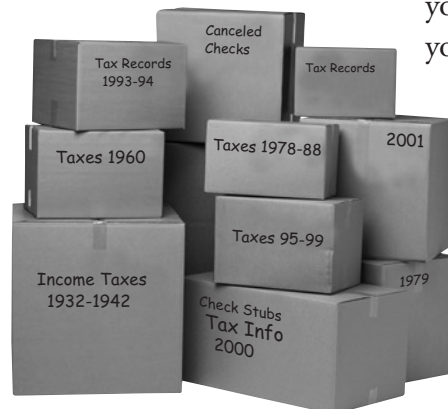
When people file their annual tax returns, the logical question probably arises: "How long do I need to keep all these tax records, canceled checks and the like?"

Generally speaking, you should hold on to your tax records for as long as reasonably necessary for your planning purposes. At the bare minimum, you should keep your records for three years after the due date of your return or two years after payment of that tax, whichever is later. Certain property records, such as those concerning your home, should be kept as long as needed to figure the basis of the property for sale purposes. Also, keep dated sales receipts for investment properties such as antiques,

paintings or other collectibles so you can document any capital gains when you sell.

Don't think that just because the IRS cashed your check or issued you a refund your deductions have necessarily been accepted. Keep supporting evidence for your deductions, since the IRS can audit your return at any time during the three years after it is submitted.

A good rule of thumb is to keep all tax returns and related records at least ten years. Certain types of tax planning require the use of old records. Gift tax returns, for example, should be retained for use in preparing estate tax returns.



Marysville Couple's Legacy . . . *(continued from page 1)*

in Marysville, Everett and Snohomish County. Julietta Gellerson was passionate about gardening, reading and knitting, and was known for donating her baby bonnets to local hospitals. The couple also enjoyed fishing and traveling all over the country and to India, Australia, New Zealand and other far-off places. Their family and others remember the Gellersons as hard-working, generous and active throughout their lives. "They were very civic-minded," said Teresa Johnson. "They were always up on everything that happened." Tara Mizell,

the recreation services manager for the Marysville Parks and Recreation Services Department – which also received a generous bequest from the Gellersons – agrees, "I wish there were more people like that in the world. It's phenomenal."

Puget Sound Blood Center is deeply grateful to Julietta and Harold Gellerson for their vision and generosity. The Blood Center will put their gift to work with the same regard as the Gellersons' thoughtful consideration and care for their community.

Your Bequest and Puget Sound Blood Center

In its simplest form, your will can provide that Puget Sound Blood Center is to receive a specified sum of money, a specific piece of property, or a stated percentage of your estate. Our new publication – *Planning Your Bequests* – explains the various bequest forms and will be helpful in planning your own bequest to the Blood Center.

Whatever the form of your bequest, you may want to state exactly how your bequest is to be used. You can even direct that the bequest be made as a lasting memorial to yourself or a loved one

– permanent testimony of your generosity and concern for the future of Puget Sound Blood Center.

But your bequest may have an equally important practical side: to benefit transfusion medicine and still provide full financial security for your family.

Your estate can deduct – for federal estate tax purposes – the total dollar value of any property passing to Puget Sound Blood Center under your will.

The form and size of your bequest should revolve around your personal situation and objectives. But this much is clear: Your

bequest should be carefully planned to provide maximum benefits for both your family and Puget Sound Blood Center.

We have a valuable booklet that explains some basic facts about wills – and the time-proven methods of making a bequest to the Blood Center. *Planning Your Bequests* will show you how a bequest to the Blood Center can effectively fit into your estate planning.

If you would like more information on planning for a bequest to Puget Sound Blood Center, please return the enclosed card.

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This publication is prepared for donors and friends of Puget Sound Blood Center. Its purpose is to present ideas and current developments that may be helpful in your financial and estate planning. The items contained herein are based upon current tax laws and regulations and are offered for general purposes. You should consult your attorney or financial adviser as to the applicability of any item to your own situation.