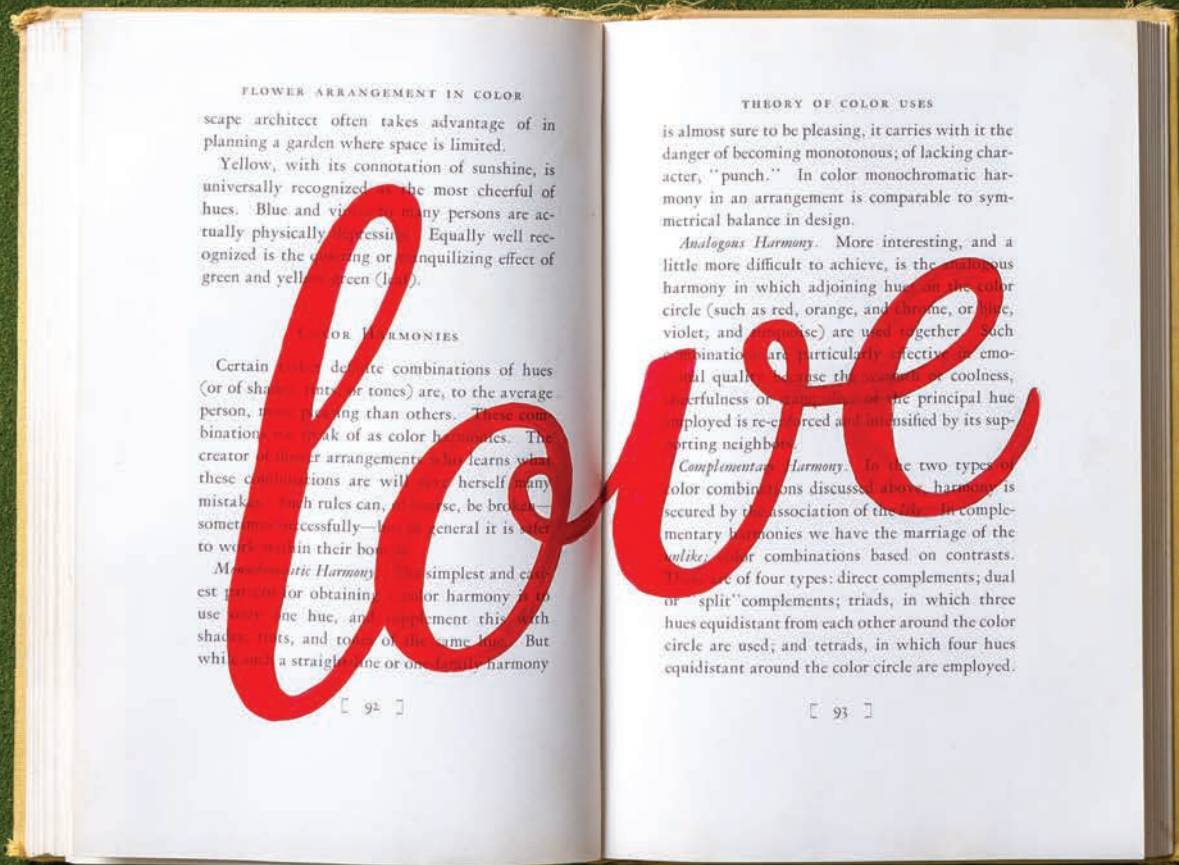
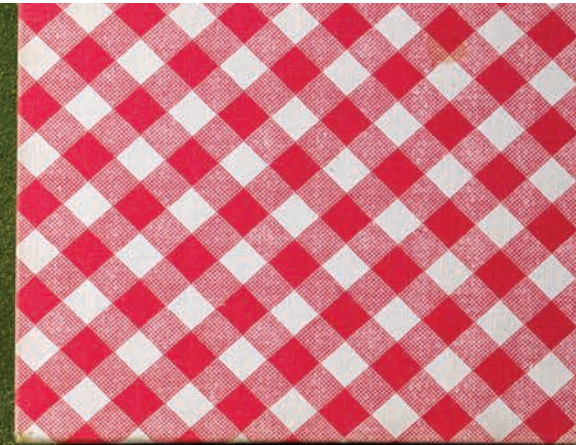


SPECIAL EDITION

CURRENT



Planned Giving: Caring for Your Family and Our Community.

Serving all of
Kent County
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It's Not About the Stuff; It's about the People You Love

By Lisa M. Rose

January 29, 2017. Sitting at my desk, I look at my calendar and see the reminder to contact my attorney. Correction, my mother's attorney.

I assemble a few papers and make my phone call. I make more notes in my planner: remember to contact mother's CPA to schedule her taxes.

Rewind seven months. I sit at my mother's desk. It's only two days after her death, and I'm rustling through the secretary's drawers, looking for her keys to the lock box. I phone my brother to stop by the bank to open up her safety deposit box. Maybe we will find her will.

Three days ensue, riffling through my mother's files, still hoping to uncover a copy of a will or estate plan. I want something that would indicate not only her burial wishes, but a key document that would dictate how her assets would be handled—everything from her checking account to the sale of her home.

I found many oddities along the journey to locate that will. I found that my mother organized canned goods by color and saved all of our childhood birthday cards from relatives. I came across a mysterious love letter and stack of Iraqi money. But no will.

It is very interesting how children can be so very different from their parents. I see that in my children, and I can see it in me. My mother was whimsical, unorganized, creative. I need structure and organization.

After a divorce several years ago and after my father's death, one of the first things I did was rewrite my will, name executors of my estate and establish provisions that included a trust for my children.



Lisa and her mom Deborah Perkins Rose, 1980.

At that time, I also named Grand Rapids Community Foundation as a beneficiary of my estate and created a fund there in my name.

The legacy portion of this process, for me, was important, but not nearly as important as the need to have all the i's dotted and t's crossed for my children.

At the time of my death, it will be relatively seamless to follow through on my burial and to liquidate and distribute assets from the estate.

As for my mother's estate, the absence of a will meant probate court, the standard process for all estates that do not have proper provisions. Probate becomes a burden for those also trying to grieve the loss of a loved one, not to mention the added expense of legal and accounting fees.

I encourage all my friends and relatives, with or without children, to consider creating an estate plan.

Simple planning up front, albeit with difficult conversations, will allow your loved ones to focus on the good memories of you after your death. Rather than the paperwork.

Here's One Way to Get Organized

In addition to strongly encouraging you to have a will created, the Community Foundation has created a PDF personal organizer that will help with the important papers aspect of your estate planning. The PDF is a document that you can fill out and save on your own computer or share with the executor of your estate or your estate planning attorney. It's easy to update as things change and you can keep it secure. You can find the document at www.lovegr.org. Just fill in your name and email address, and you'll be able to download the document and save it on your own computer. A year from now, we'll remind you (by email) to review and update it.

We hope that you find this special edition of Current useful. If you have any questions about the articles or want to speak with someone at the Community Foundation about making a charitable provision in your estate plan, please don't hesitate to call a member of the development team at 616.454.1751.



Lisa and her children Jacob and Emma Starner with dog, Rosie.



Joy Brown Baker: *A Planned Gift Mystery Solved*

From time to time, we receive unexpected bequests from kind strangers. A few years ago, Grand Rapids Community Foundation was named beneficiary of a life insurance policy held by Joy Brown Baker. It was a generous gesture from a woman we never had the pleasure of knowing. Not to let her story go untold, we did some exploring and made contact with her son. “Though she hadn’t lived in the community for more than 50 years, my mother maintained a loyalty and love for Grand Rapids. She kept strong ties with family, friends and the community there,” said James Baker II.

Joy grew up in Grand Rapids and attended Aquinas College. She later served on the Aquinas College board of trustees. Joy earned several master’s degrees and was a dedicated teacher and administrator in Bay City Public Schools. She was the first African American female to serve as a principal in that school system.

The passion for education runs deep in Joy’s family. Her great grandfather, Spencer Thomas Johnson, a former slave, led the effort to start the first high school for African American students in Memphis, Tennessee, in 1899. He and his partners did so out of a desire to get young people out of the cotton fields. They knew education was the answer. One can only imagine the pride he would have later felt to see his grandchildren—Joy and four of her siblings—go to college and become accomplished professionals.

“In our family, we believe in helping people. It’s not giving back, but paying forward,” James said. He followed in his mother’s footsteps, dedicating his life to the teaching profession as well. “I hope my mother’s gift to the Community Foundation can continue to support education in the community. That would please her.

“She was community-oriented, but most importantly, she was a doer, not a talker. For her, giving came naturally. She wouldn’t have expected anything in return. I think when you are raised a certain way, you don’t know any different. Investing in others is just what you are supposed to do,” James said.

WE REMAIN SO THANKFUL FOR JOY’S SUPPORT OF OUR COMMUNITY FOUNDATION.

If you have a gift already planned or are thinking of including the Community Foundation in your will or as a beneficiary, please let us know. We’d love to have the opportunity to get to know you and understand your wishes for this very special donation.

**You can contact any member
of our development team at
616.454.1751.**

Death and Taxes—Advice to Help You Understand One of Them

By Laretta K. Murphy, attorney, Miller Johnson

Benjamin Franklin famously said: “In this world nothing can be said to be certain, except death and taxes.” Two types of taxes may apply to your property after you die—state inheritance taxes and federal estate taxes, both of which are commonly referred to as death taxes. Michigan does not impose a state inheritance tax, but many states do.

The federal estate tax applies to assets you own or control at your death. Assets potentially subject to estate tax at your death are called your “gross estate.” Your gross estate includes business interests, retirement assets, personal property, investments, real estate, annuities and any other valuable assets. Life insurance proceeds are not subject to income tax, but may be subject to estate tax if you have any “incidents of ownership,” which include the right to change beneficiaries and the right to access cash value.

Most people don’t have to worry about the estate tax. For married couples, there is an unlimited marital deduction for all



property passing to a U.S. citizen spouse. There is also an unlimited charitable deduction for gifts to qualified charities. In addition, each taxpayer has a \$5,490,000 exemption, which can be applied to lifetime transfers or transfers at death, or any combination of lifetime and estate gifts. If a husband or wife doesn’t use up their whole exemption, the surviving spouse can make a “portability election” and save the deceased spouse’s unused exemption for gifting during the surviving spouse’s life or at the death of the surviving spouse. If a couple maximizes their use of their exemptions, they could transition up to \$10,980,000 to their loved ones with no federal estate tax.

For people whose hard work and careful stewardship have resulted in an estate that can’t be completely sheltered from tax, sophisticated planning techniques can be used to leverage the exemptions and protect family wealth from death taxes. President Trump has promised to “repeal the death tax,” but most experts believe that any repeal would be temporary or would replace the estate tax with a capital gains tax at death. Your estate planning advisor may recommend that you update your plan to take full advantage of any changes that may occur.

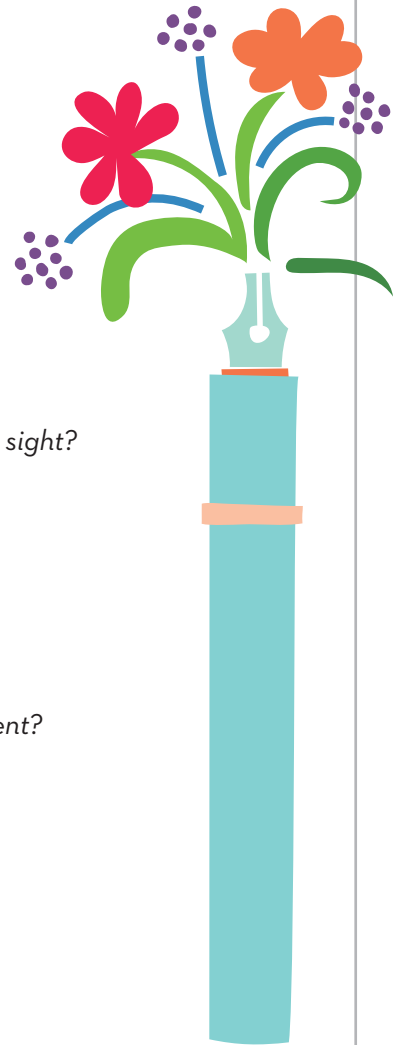
YOUR WILL OF WISDOM

Beyond legal documents, there is another document you might consider completing as part of your estate plan. An ethical will is a document created for your loved ones to share your values, beliefs, spirituality, favorite memories and hopes and dreams for the future. An ethical will helps you tell others about yourself and leave them a gift more valuable than money. Ethical wills are actually part of the Jewish faith tradition. Jacob, Moses and David all had instructions and/or life-learnings for their descendants, as illustrated in the Jewish Tanakh and Christian Old Testament.

People who think they are not writers might be intimidated by creating an ethical will. However, it can be done over time and doesn't have to be complicated. If you are not a computer user, you can handwrite a note or a series of notes. You can also write in a journal or notebook or record your thoughts by voice or video recorder. Keep your ethical will with your estate plan documents and know that your loved ones will be pleased to read or listen to it.

Here are some idea-generating questions.

- What was your childhood like?
- What were you like in school?
- What were the best years of your life?
- What world event had the most impact on you?
- How did you decide on your profession or career? Do you think it was your calling?
- What was the most difficult decision you ever made?
- What is the bravest thing you've ever done?
- Did you love your spouse (or significant other) at first sight? When did you know it was love?
- What is key to a lasting marriage?
- What is key to a lasting friendship?
- Who is your best friend?
- What is your best advice for parents?
- What was the most rewarding aspect of being a parent?
- What do you believe in?
- Do you believe in God?
- What do you think heaven is like?
- What are you most proud of?
- What are your most closely regarded values?
- Is anything in the world worth dying for?
- What would your descendants be surprised to know about you?



Why the Community Foundation?

We asked a few of our Metz Legacy Society members why they specified a gift to Grand Rapids Community Foundation in their estate plans. Here's what they said:



Megan Sall

"Having had the opportunity to live outside of West Michigan, I know how special our community is and I care very deeply about its long-term success. I was happy to include the Community Foundation in my estate plans as I trust it to carry on the good work that's happening in Grand Rapids well after my time comes to a close. The comprehensive, systems

approach that the Foundation takes is crucial to ensuring sustainable outcomes for our fellow Grand Rapidians today, and for generations to come."



Ryan Slusarzyk

"Grand Rapids has a strong history of philanthropy – gifts both large and small. Discussing an 'estate' as a single 31 year old can sound daunting, but it is never too early to start thinking about your loved ones and leaving your legacy in the community that you love. Live your life with intention, but not without abandon."



Milt and Barbara Rohwer

"We love this community! The best way we know of to give ongoing support is to add to its endowment through Grand Rapids Community Foundation."



Connie Wenger

"5 stars for the Grand Rapids Community Foundation. Not only do they do wonderful work for the community, I have confidence that my money will be used for good causes without fear of corruption."



Jan Lunquist and Michael May

"We find peace, joy, and satisfaction in knowing that the Community Foundation will endure beyond our lifetimes and that our investment will continue to provide opportunities that are grounded in the principles of justice, inclusion, and equity."

Four Simple and Inexpensive Ways to Do Good Through Your Planned Giving

A planned gift is a charitable donation from your will or other portion of your estate, and, for many people, is the largest gift they'll ever make. But, if the idea of a gift from your will conjures up visions of paperwork, attorney meetings and legalese, think again. It is quite simple to designate a portion of your estate to a cause you care about. Several kinds of assets can be designated for the community without ever involving an attorney.



- 1 Retirement plan:** Retirement assets are among the highest taxed assets in any estate, making them a great candidate for charitable bequests. By designating a portion or your entire retirement plan for charitable purposes, you can decrease the tax burden on your family and increase the impact of your gift.
How: Request a copy of the Change of Beneficiary Form from your IRA or retirement plan administrator. After completing and submitting the form, provide a copy to Grand Rapids Community Foundation.
- 2 Life insurance:** By designating the Community Foundation as a partial or full beneficiary of an existing policy, you will retain ownership of the policy, but any policy proceeds distributed to the Community Foundation will be exempt from tax and create a wonderful legacy at comparatively low cost.
How: Contact your life insurance company to request a Change of Beneficiary/Ownership Form. After completing and submitting the form, provide a copy to the Community Foundation.
- 3 Cash and Bank Accounts:** The liquidity and flexibility of cash make bank accounts one of the easiest assets to consider when it comes to estate planning. Cash is considered part of your taxable estate and may be subject to federal and state taxes.
How: Many bank accounts offer a transfer on death (TOD) designation, allowing you to name a beneficiary and avoid probate.
- 4 Health Savings Account (HSA):** If you would like to keep enjoying the tax-free compounding benefits of an HSA, but want to ensure the balance does not become taxable income upon death, consider naming the Community Foundation to receive the taxable income.
How: Ask your Health Savings Account provider for a Change of Beneficiary Form. After completing and submitting the form, provide a copy to the Community Foundation.

If you would like the Community Foundation to receive a portion of these assets, simply list "Grand Rapids Community Foundation" or a specific fund at the Community Foundation as the beneficiary on the aforementioned forms. As always, a member of our development team is pleased to answer any questions you have. You can contact us by calling 616.454.1751.

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Is It Time to Update Your Estate Plan?

As a rule of thumb, you should review your estate plan at least every ten years. Life can change drastically in a decade. Children once living in your home are, hopefully, living independently. There may be grandchildren in your life. And maybe you have become involved with a great cause you want to support with a charitable gift after your death. Besides changes in your life—tax law also changes, and your estate plan should reflect that.

Here are five important dates to consider when reviewing your estate. If your estate plan was created before any of them, you should contact your estate planning attorney for an update.

April 14, 2003. This is the compliance date for when privacy rules under the Health Insurance Portability Accountability Act (HIPAA) went into effect. Quite simply, in order to access your medical records (if you are injured, sick or incapable of making a medical decision), an authorized person must have a written document executed by you, with very specific language mandated by HIPAA. If your healthcare power of attorney was created before April 14, 2003, your agent may not be provided access to the medical records and information necessary to act on your behalf for healthcare decisions. Ask your attorney to update your documents with HIPAA compliant language.

April 1, 2010. For Michigan residents, the enactment of the Michigan Trust Code on April 1, 2010, is a key date to note. Many attorneys in Michigan have revised their clients' trust agreements to incorporate the provisions of this code.

December 17, 2010. The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (Tax Relief Act of 2010) was enacted on this date. It increased the federal gift and estate tax exemption to \$5 million for 2010 and indexed it to inflation going forward. The estate tax rate on taxable estates over \$5 million was lowered to



35 percent. A new estate planning tool called “portability” was also introduced in the Tax Relief Act of 2010. Portability allows an executor to transfer a deceased spouse’s unused federal estate tax exemption to a surviving spouse by timely filing an estate tax return. Prior to 2010, the threshold for owing federal estate taxes was significantly lower. For instance, the exclusion was \$600,000 in 1996 and \$1 million in 2002. The Tax Relief Act of 2010 vastly simplified estate tax planning for couples and alleviated the transfer tax concerns of most individuals. If your estate plan was created prior to this date, your estate planning documents may contain federal tax-planning provisions that are no longer necessary and may yield unexpected or unfavorable results.

October 1, 2012. Michigan enacted a new financial power of attorney statute effective October 1, 2012. Under this law, individuals named in a financial power of attorney must sign a statutorily prescribed acknowledgement of their responsibilities before acting. The new law also requires that the power of attorney be signed either in the presence of two witnesses or before a notary public. Although this new law only applies to financial power of attorney documents created after October 1, 2012 (and does not invalidate documents created before that date), it may be prudent to update your financial power of attorney documents to comply with the new law.

January 2, 2013. On January 2, 2013, the American Taxpayer Relief Act of 2012 (ATRA) became law and made permanent the \$5,000,000 gift and estate tax exemption as indexed for inflation—but increased the transfer tax rate to 40 percent. For 2017, the federal estate tax exemption is \$5.49 million. ATRA also made the “portability election” a regular feature of federal estate tax planning. As indicated above, the Tax Relief Act of 2010 and ATRA have simplified estate planning for married couples, allowed couples to create estate plans that will reduce capital gains tax exposure on the second death, and reduced or eliminated most individuals’ estate tax liability.

Laura Radle, partner at Varnum, contributed to this article.