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Capital Blueprints for the Future

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FIVE WISHES® - A LIVING WILL WITH HEART

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Five Wishes is an advance directive template created by the non-profit organization Aging with Dignity. It is an easy to use legal document written in everyday language that helps you to communicate how you want to be cared for in case you become seriously ill or incapacitated.

Your Five Wishes document lets your family and doctors know:

- Who you want to make health care decisions for you when you can't make them yourself.
- The kind of medical treatment you want or don't want.
- How comfortable you want to be.
- How you want people to treat you.
- What you want your loved ones to know.

Five Wishes is helpful for all adults (18 years or older), but anyone can use this document to start the conversation with loved ones. Sometimes it begins with a grandparent and other times it is a younger member of the family who first brings up the topic.

Either way, this is an invaluable gift to give your loved ones, and additional resources are also available to help you get started. For example, “The Next Steps” discussion guide tells you exactly how to initiate the conversation, and viewing the Five Wishes DVD with family members can also increase understanding regarding its purpose and importance.

Five Wishes is used in all 50 states and in countries around the world. It has been called “a living will

with heart,” and meets the legal requirements for an advance directive in 42 states. In the other eight states, your completed Five Wishes document can be attached to your state's required form. Five Wishes can also be used in any part of the world as a helpful guide for documenting your wishes.

Five Wishes was originally introduced in 1996 as a Florida-only document that combined a living will and health care power of attorney, but also addressed matters of comfort, care, and spirituality. With help from the American Bar Association's Commission on Law and Aging and leading medical experts, a national version was introduced in 1998. It was originally distributed with support from a grant by the Robert Wood Johnson Foundation.

Five Wishes is now available in 26 languages and in Braille. More than 18 million documents have been distributed by a network of over 35,000 partner organizations worldwide.

An online version was introduced in April 2011 allowing users to complete the document using a web-based interface. Another online option is to print a blank version and complete it in one's own handwriting. To learn more or order copies, visit www.AgingWithDignity.org.

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NEW THINKING ABOUT GIVING

Regardless of how or where we choose to give, most of us would like to feel confident that our financial donations are being used wisely. Thanks to technology and some out-of-the-box thinkers in the social sector, we now have a bevy of new tools at our fingertips and excellent educational resources that will guide our giving in a smart and purposeful way.

Picking a Charity

Until recently, most guidelines for charitable giving recommended that we spend time researching charities and then select from those that limit overhead to less than 20 percent of their total budgets. However, many experts now question these criteria because expense ratios alone provide a limited perspective of a charity's value and effectiveness.

In contrast, organizations that analyze charities are increasingly evaluating non-profits based on how well they are delivering on their missions. To accomplish this goal, rating systems need to go beyond number crunching and bottom line analyses to include subjective criteria as well.

GreatNonprofits.org, for example, uses a methodology similar to **Yelp.com** that created a means for sharing reviews of restaurants and services via the Internet. In a recent interview, CEO Perla Ni described the role of GreatNonprofits as two-fold: "To collect feedback that helps both donors and nonprofits better understand the effect of the nonprofits' activities on the ground in the local community and to bring the highly-reviewed nonprofits, as rated by their local community, to the forefront."

MyPhilanthropedia.com also offers a new way to evaluate charities based on survey responses of qualified experts. Each group of experts includes foundation professionals, researchers, and others who have an average of 8 to 20 years of experience in their sector. The experts recommend nonprofits based on their impact and other organizational strengths, but are not allowed to recommend the organizations with which they are affiliated.

Creating a Giving Plan

There are no hard and fast rules about how much giving is the right amount. This has to be a personal decision, but it often

helps to know what others are doing and how they make their donation decisions.

While many may choose to give far more, **MyPhilanthropedia.com** offers an easy to implement strategy to those who have not yet committed to a specific charitable giving goal:

While everyone's situation is unique, consider this simple formula for deciding your annual contribution. Your income may rise and (hopefully not) fall, so no need to stick to a fixed annual amount. What about donating 1% of your annual income to the causes you care about and the organizations that are doing the best work in those areas? You can set up a monthly recurring payment to provide consistent support that is always within your budget. Only 1%—it's not that much, but it can make a big difference.

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Another tip comes from Jason Franklin who is the Executive Director of **Bolder Giving**. He recommends the 50/20/30 rule:

- 50% of your giving is focused on one charity – the one you care about the most.
- 20% of your giving is reserved for small impulse gifts.
- 30% of your giving is targeted for those causes and organizations you support on a regular basis.

Bolder Giving's mission is to inspire and support people to give at their full lifetime potential. To this end, this organization does not suggest where to fund, but rather gives donors a hand with the complex, long-term journey of becoming effective, passionate, deeply-committed givers.

This organization offers a free, downloadable “**Bolder Giving Workbook**” at **www.BolderGiving.org** that will help you to calculate your “giving potential” and provides worksheets for developing a personalized giving plan.

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THE BENEFITS OF A LIVING TRUST

When considering your estate planning needs, it can be beneficial to have the tools necessary to distribute your assets in the way you want. While a will is necessary for most people, there are also advantages to a living trust.

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A living trust is a written legal document that partially substitutes for a will. The trust is administered for your benefit during your lifetime, and then transfers to your beneficiaries when you die. It can help ensure that your assets will be managed according to your wishes -- even if you become unable to manage them yourself.

Almost any type of asset can be placed in a trust: savings accounts, stocks, bonds, real estate, life insurance, business interests, and personal property. To fund a trust, you simply change the name or title on your assets to the name of the trust.

When establishing a living trust, most people name themselves as the trustee in charge of managing the trust's assets. You can also name a successor trustee -- either a person or an institution -- who will manage the trust's assets if you ever become unable or unwilling to do so yourself. You can amend or revoke the trust at any time.

At your death, the trustee -- similar to the executor of a will -- would then gather your assets; pay any debts, claims and taxes; and distribute your assets according to your instructions. Unlike a will, however, this can all be done without court supervision or approval. And because the trust would not be under the direct management of the probate court, your assets and their value (as well as your beneficiaries' identities) would not become a

public record.

Since a living trust can hold both separate and community property, it may be a convenient estate planning vehicle for spouses and registered domestic partners to plan for the management and ultimate distribution of their assets in one document. A living trust does not exempt the assets from estate taxes or state inheritance taxes.

Living trusts are most appropriate for those with substantial assets or complex estates. In general, financial planners frequently recommend them for individuals or couples with an estate of \$1 million or more. Estates of this size typically are subjected to probate in the deceased's state of residence, which can cost anywhere between 2% and 4% of the estate's value in court and legal fees and can take months to settle.

Do You Still Need a Will?

A will is an essential backup device for property that you don't transfer to yourself as trustee. If you don't have a will, any property that isn't transferred by your living trust or other probate-avoidance device will go to your closest relatives in an order determined by state law. These laws may not distribute your property in the way you would have chosen. Also, if you have minor children, you need a will to establish guardianship.

Source/Disclaimer:

This communication is not intended to be legal or tax advice and should not be treated as such. Each individual's situation is different. You should contact your legal or tax professional to discuss your personal situation.

Required Attribution

Because of the possibility of human or mechanical error by S&P Capital IQ Financial

The trust is administered for your benefit during your lifetime, and then transfers to your beneficiaries when you die.

THE BENEFITS OF A LIVING TRUST, Continued

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In My Opinion...

I Beat the Game !!!

As many of my long term readers know, I am a gamer. Ever since high school I have enjoyed the mental challenge that games present. I love chess and other strategy games. I have spent many hours playing battle re-creations of historic conflicts which also offer the additional bonus of learning history. The problem was always finding someone to play with because these games always took two people.

Then came the computer which allowed you to match wits with an opponent who was ready whenever you wanted to play. I still play chess on my iPad when the feeling strikes me. Overtime, this hobby evolved into the video gaming industry. These games are incredibly real visualizations that are like novels in which you guide the action of the key player. As you progress through the story, your character gains skills and becomes more effective in his or her quest to attain the goal. Some of these games have sequences that last over three or four games, covering a playing period of several years. When the next installment comes out, we gamers rush to the store to buy them and head right home to pick up the story and see what turns the plot holds. In addition to the main story line, there are number of "side missions" that you can take along the way. These missions offer additional skill building and character development. They are not required to finish the main story, but add a richness to the game that makes it that much more fun.

I am one of the few adults with whom youngsters can share a conversation about video gaming. One of the trends that I have noticed with my grandson and other ten year olds like him is the prideful boast: "I beat that game!!" When I start to ask about the details, it becomes obvious that they skipped the side missions and went through the main story as fast as possible so that they could claim victory. But what did they really win? They missed out on the depth that was available and, in doing so, deprived themselves of the full experience of playing. Then, it's back to the store for the next "latest" game and the cycle repeats.

It seems to me that many of us do the same thing with the Game of Life. While engaged in the hectic pursuit of loosely defined goals, we miss the side trips that often hold the best moments --- the "good stuff" of life. We rush to attain "financial freedom" while ignoring the richness that is contained in every day. What I have learned is that it is the *Journey* --- not the destination --- that provides most of life's opportunity for a sense of fulfillment. In a society that is so focused on "winning", shouldn't we spend a little more time on defining how we keep score?

Until next time, that's my opinion.

*Robert J. Cole, Jr., CLU, ChFC, CASL, CFP®
President*