

GIVING THOUGHTS

Planning Today For Clearbrook Tomorrow

Family + Clearbrook = HOME

Joan and Thomas Maddox were introduced in 1953 by her brother-in-law, who was Thomas' Army buddy. Three months later, they were married. Joan says, "I think our parents were a little surprised." Thomas adds, "When you know, you know."

The couple settled in Joan's hometown of Chicago, where Thomas sold computers for IBM and Joan worked at home raising their eight children. When their seventh child, Tommy, was born in 1962, they could tell something was wrong.

"When Tommy was about 3 months old, we noticed that he didn't respond to loud noises," Joan says. "Our doctor soon confirmed that he had severe hearing loss. We didn't realize he was mentally challenged until he was 4 or 5." Thomas explains, "At that time, Tommy could walk and run like a normal child, but couldn't talk. We suspect that his condition may have been caused by his difficult birth."

About a year after Tommy's diagnosis, Joan and Thomas realized he needed the full time attention of a residential care setting. Tommy lived in a facility in Missouri until 1985, when he became one of the first residents of Clearbrook's ICF the Commons. "We weren't really happy with the facility in Missouri, but we didn't know

of a place any better until we heard about Clearbrook," says Thomas.



Thomas and Joan Maddox

Joan adds, "When we would take Tommy back to the other facility after a visit, he would cry all the way there. He has never done that since he has lived at the Commons. Tommy is very happy at Clearbrook."

Joan and Thomas say Tommy spends his days at Clearbrook's developmental training program, where he enjoys working on puzzles. Although Tommy now needs a wheelchair to get around, in the past he participated in Special Olympics. "He was a wonderful runner," Joan says. "We look forward to bringing Tommy home once a month for weekend visits," Thomas notes.

"He loves sleeping late and seeing his siblings. Tommy creates love every place he goes."

For over 20 years, Joan and Thomas have generously supported Clearbrook "as much as we can," Joan says. "The atmosphere he lives in is wonderful."

"We give to Clearbrook because it is our son's home and we want it to stay here forever," Thomas explains. "We are very happy that Tommy is happy and that's why we contribute to various activities at Clearbrook. It just feels good to give back."

A Guide to Giving

Giving to your favorite charitable organizations, such as Clearbrook, can be as simple as writing a check or may involve the use of other methods that may help you meet multiple goals.

Cash gifts

Contributions by cash or check are the most common ways to fund charitable gifts. Through careful timing of your gifts, it can be possible to eliminate federal (and perhaps state) income tax on up to 50 percent of your taxable income.

Gifts of assets

Gifts of assets might include stocks, bonds, real estate or other property. Donating appreciated securities may help you avoid capital gains tax and provide an income tax deduction for the full value of the asset, not just its original cost. It is wise to ask beforehand about any policies or guidelines a charitable organization may have that apply to gifts of real estate or personal property.

Retirement plan gifts

You may be aware that funds remaining in an Individual Retirement Account (IRA) or other retirement plan will be part of your estate at death and can be subject to tax rates as high as 35 percent. But did you know that after payment of estate taxes, your heirs may also be liable for income tax on retirement account assets left to them?

Since the combined impact of estate and income taxes can consume a large portion of retirement funds, some choose to use such funds to make tax-free charitable gifts through their estate while leaving less heavily taxed assets to family or other heirs.

If you are over age 70½, special provisions now scheduled to expire at the end of 2011 make it possible to make tax-free gifts directly from your traditional or Roth IRA. Such transfers can satisfy minimum required distributions. Check with us or your plan administrator for more details. (See Page 4.)

Giving through life insurance

You may find that a life insurance policy purchased for the payment of taxes or the protection of a spouse or other loved one may no longer be needed for its original purpose. In that case, you may wish to redirect life insurance proceeds to make charitable gifts.

Gifts by will or living trust

Your will can be an important vehicle for giving to your charitable interests after first providing for loved ones. Making a charitable gift of cash or other assets in your will or trust can be easily accomplished through a simple addition to those documents.

Gifts that provide income

There are a number of special ways to give that allow you to retain income for life or another period of time. Giving in this way can provide additional income for you and/or your loved ones. You can also enjoy significant tax savings and other financial benefits.

Plan now

By taking the time now to carefully consider *what* to give, *when* to give, and *how* to give, you can help ensure your gifts are made in a timely manner and in the most effective and tax-efficient ways.

- Because of recent tax law changes, gift, estate and financial plans should be reviewed with your professional advisor.
- Retirement accounts may be taxed more than other assets.
- Unlimited amounts may be left tax free to a spouse.
- There is no limit to the amount deductible from federal estate tax for charitable gifts.
- It is possible to provide for loved ones, make charitable gifts, and reduce or eliminate estate taxes.

Questions & Answers About Giving Securities

Q. Can I give property other than cash to fund my year-end gift?

A. Yes. Securities that have increased in value during the time you have owned them can be an especially attractive choice when considering ways to make charitable gifts to Clearbrook. Low-yielding stocks, bonds and mutual funds can provide a tax-wise way to make meaningful gifts with little or no impact on your spendable income.

Such gifts are generally deductible at their full market value in amounts up to 30 percent of adjusted gross income if owned for longer than one year. In addition, year-end gifts of assets that have increased in value also allow you to bypass capital gains tax that would otherwise be due if you sold those assets. Like gifts of cash, any excess deductions may be carried over for use in up to five additional tax years.

Q. I am reluctant to make a gift of stock that is performing well and increasing in value. What can I do?

A. There is a way to give stock and, in effect, “keep” it. Suppose you make a \$10,000 gift using stock with a \$2,000 basis. In doing so, you bypass the capital gains tax on the \$8,000 increase in value.

You can then use the \$10,000 in cash you considered giving to repurchase shares of the same stock. You will then own the same amount of stock but with a higher cost basis if the value of the stock increases. If the stock decreases in value, you may then have a capital loss to declare.

Q. Can I make a gift of stock that has decreased in value?

A. If the value of the securities you wish to give is less than their original cost, it is usually better to sell them and give the cash proceeds. You may then be able to claim tax benefits for both the capital loss and the charitable gift.

Completing Your Gift

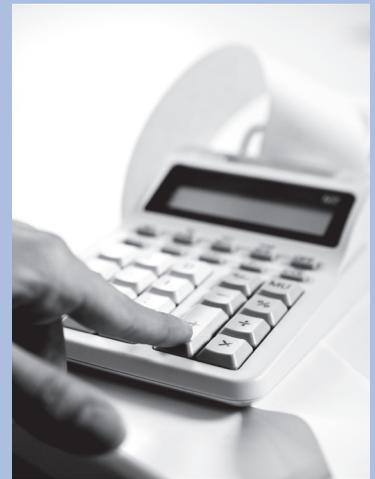
If you hold the stock certificate:

- Mail the unendorsed stock certificate to Clearbrook in one envelope.
- Mail the signed stock power form to us in another envelope.
- Your gift is complete on the date of postmark of the later envelope.

If you do not have the stock certificate, or if you are giving mutual funds:

- Contact your financial services provider to arrange the gift transfer.
- For tax purposes, the gift is complete at the time of the actual transfer.

Be sure to plan ahead, as additional time may be necessary for completion of such a gift.



Tax Benefits

- Gifts of appreciated securities such as stocks, bonds and mutual fund shares are generally deductible at fair market value, regardless of the original cost.
- Income tax savings can amount to 35 percent of the value of the assets.
- Capital gains tax that would otherwise be due if the assets were sold can be bypassed if the assets are donated.
- Gifts of appreciated securities can serve to offset tax on up to 30 percent of your adjusted gross income.
- Unused deductions can help reduce taxes in up to five future tax years.

Tax-Free IRA Giving

If you are like many, a large portion of your assets may be held in the form of Individual Retirement Accounts (IRAs) and similar retirement plans. Did you know that such funds may actually represent a convenient resource from which to make charitable gifts?

If you are over age 59½, you may be especially interested in making gifts from these accounts, which can generally be accomplished without paying an early withdrawal penalty.

Although withdrawals would be taxed as income, the charitable deduction can result in no gift, income or estate taxes ever being due on these funds. When considering a charitable gift to Clearbrook, you may find this to be a particularly convenient tax planning strategy.

Special opportunity

If you are 70½ or older and have a traditional or Roth IRA, you may be pleased to learn of a special opportunity. This year, you are allowed to make gifts directly to charitable recipients from these accounts on a totally tax-free basis.

Amounts up to \$100,000 may be given in this way. Couples with separate IRAs can each give up to \$100,000.

Taking advantage of this opportunity can be especially attractive if withdrawals in past years have caused your Social Security income to be taxed at higher rates, if you have reached the limit for the amount of charitable gifts you can deduct, if your state does not allow deductions for charitable gifts, and in certain other circumstances.

Deadline approaching

Unless Congress acts to extend it, this special tax planning incentive will expire at the end of 2011. Check with your plan administrator or other advisors for more information.

The Charitable IRA Highlights

- Applies to qualifying transfers up to \$100,000 from traditional or Roth IRAs for 2011.
- Couples with separate IRAs could double up and make transfers up to \$200,000.
- Gifts from IRAs can be used to fulfill pre-existing pledges.

Contact us or your IRA plan administrator for more information.

For more information on ways to include Clearbrook in your estate plans, please return the enclosed reply card or call Kelly McGraw at (847) 385-5014.



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Mark Your Calendar

You are invited to learn how a living trust can protect you and your family. On May 8 and May 9, 2012, Dick Hess, CFRE, Vice President of FPM, will present the benefits of Revocable Living Trusts and other estate planning vehicles at Clearbrook. There is no cost to attend.

To reserve your spot or for more information, please contact Kelly McGraw at 847.385.5014 or kmcgraw@clearbrook.org.