NARAL Pro-Choice America

A gift to **NARAL Pro-Choice America,** a 501(c)(4) organization, ***is not*** tax-deductible. Gifts to this entity allow us to develop and sustain a constituency that uses the political process to guarantee every woman the right to make personal decisions regarding the full range of reproductive choices, including preventing unintended pregnancy, bearing healthy children and choosing legal abortion. To determine how you can provide support to NARAL Pro-Choice America, see the contact information below.

A gift to **NARAL Pro-Choice America Foundation,** a 501(c)(3) organization, ***is*** tax-deductible. Gifts to this entity allow us to support and protect, as a fundamental right and value, a woman's freedom to make personal decisions regarding the full range of reproductive choices through education, training, organizing, legal action and public policy. To determine how you can provide support to NARAL Pro-Choice America Foundation, see the contact information below.

Please note that the information contained within this newsletter does not constitute legal advice and that we recommend that you seek your own attorney, financial advisor or financial planner when establishing a Will or a charitable gift to ensure that your income, gift and estate tax objectives are met.

If you would like additional information on making a charitable gift to NARAL Pro-Choice America using various assets, please contact:

Steve I. Schneider, Esq.
Planned Giving Advisor
NARAL Pro-Choice America
1156 15th Street, NW, Suite 700
Washington, DC 20005
Telephone: 202 530 4160
Fax: 202 973 3098
Email: SSchneider@ProChoiceAmerica.org

the unlimited marital deduction and the charitable deduction.

The *unified estate and gift tax credit* says that your taxable estate — including any taxable gifts you may have made during your lifetime — must exceed the "exemption equivalent" of $2 million (in 2006) before you have to pay federal estate taxes.

The *marital deduction* allows you and your spouse to make unlimited, tax-free transfers of assets to each other, either during your lifetime or at your death. We'll discuss the charitable deduction in the next segment.

Charitable planning Charitable giving satisfies many purposes: you can support programs you believe in — such as ours — *and* reduce your income and/or estate taxes. Charitable gifts can also provide superb benefits for your beneficiaries.

With a *charitable lead trust,* for instance, you establish a trust that pays NARAL Pro-Choice America Foundation an income for a set period. At the termination of the trust, the appreciated principal reverts to your named beneficiary, with reduced gift and estate taxes. A *charitable remainder trust,* on the other hand, provides income to you for a set term; the principal then goes to NARAL Pro-Choice America Foundation.

Itemizing taxpayers can deduct the full value of a gift, up to 30-50 percent of adjusted gross income (depending upon the type of asset used to fund the gift). If you give more in one year than you're entitled to deduct, you can "carry over" the balance of your deduction for up to five years.

Further, when you give appreciated property to a nonprofit organization such as ours, you may avoid the tax on any gain you would have realized had you sold the property instead.

Charitable *bequests* (gifts made under your Will) do not provide the income tax benefits we just described, but they do reduce, dollar for dollar, the taxation on your estate.

NARAL Pro-Choice America staff members enjoy the success of the *Prevention First: Challenge for Common Ground* day of action.

SUMMER 2006

NARAL Pro-Choice America

FREEDOM OF CHOICE

LEGACY CIRCLE NEWSLETTER

NARAL Pro-Choice America Enters Second Phase of *Prevention First*

On March 7, NARAL Pro-Choice America and our affiliate network launched *Prevention First: Challenge for Common Ground.* It was a national day of action on which we urged federal and state lawmakers to end divisive attacks on a woman's right to choose and focus on common–sense measures to prevent unintended pregnancies and reduce the need for abortion.

An ad in *USA Today* informed an estimated 2.5 million readers about the values of freedom and personal responsibility that are the basis of this initiative. Six congressional leaders joined NARAL Pro-Choice America President Nancy Keenan at a press briefing in Washington, DC, calling on Speaker Dennis Hastert to hold votes on prevention-based legislation that reflects these values — including increasing women's access to birth control, teaching kids honest, age-appropriate sex education, and improving family-planning services.

Proactive steps like this day of action complement NARAL Pro-Choice America's fundamental work to fight efforts to criminalize abortion, such as the near total ban enacted in South Dakota. We worked hand-in-hand with our affiliate and a bipartisan coalition in South Dakota to help get a measure on the November ballot to allow voters to repeal this draconian ban. We continue to work with our colleagues in South Dakota.

With the 2006 mid-term elections fast approaching, we are executing a plan to elect more lawmakers who share our values. This is the best way to stop the attacks on a

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Reps. Joe Crowley (D-NY), Brian Baird (D-WA), Steve Rothman (D-NJ), Nita Lowey (D-NY) and Tom Allen (D-ME) join Nancy Keenan, president of NARAL Pro-Choice America, at a *Prevention First* press conference on Capitol Hill.

The Art of Financial Planning

Careful planning is the means to an end. It is the art of using your income and assets to attain your unique financial goals. This issue of the newsletter will provide an overview of financial planning and help prepare you to talk knowledgeably with your financial advisor.

A financial plan helps you reach your goals

A financial plan is a map. It shows where you are and suggests a route to reach your preferred destination. You probably want to reduce your income taxes and increase your holdings. You may want to prepare for retirement, begin saving for your children's education, arrange for charitable gifts or accumulate an estate to pass on to your loved ones (or all of these). Whatever you desire, you can generally incorporate it into your financial plan.

Most financial advisors take the following categories into consideration when compiling a plan:

- **Income tax planning** (how to reduce your tax liability)
- **Investment planning** (how to increase your assets)
- **Retirement planning** (how to organize your finances so that you can enjoy your retirement years without financial strain)
- **Estate tax planning** (how to minimize shrinkage of your estate and maximize the benefits your beneficiaries receive)
- **Charitable planning** (how to support favored nonprofit programs such as ours with outright gifts, or gifts through trusts, annuities or bequests).

What data will you need to prepare your plan?

You can make your first meeting with your financial planning advisor much more productive by collecting certain information ahead of time. Here is a checklist of what to have on hand:

- *Biographical information, including data on immediate family members and dependents.*
- *Federal and state income tax returns (for the last two years) and any federal gift tax returns.*
- *Wills, trust agreements and other documents pertaining to the distribution of your estate.*
- *A current personal financial statement.*
- *Data, including financial statements, on any businesses owned.*
- *Insurance policies, employee benefit plans and any other retirement or disability benefit plans.*
- *A summary of all assets owned.*
- *Any other information requested in advance by your advisor.*

Financial planning follows certain steps

The concept of financial planning is quite simple — there are prescribed steps to take; all you have to do is fill in the blanks. Done properly, however, a financial plan requires many hours of intense work: compiling data, formulating goals and the like.

The first thing you have to do is **determine your goals.** What do you want to accomplish?

Tell your advisor, for example, you want to minimize your income taxes ... place money in trust for your now-10-year-old daughter's college education ... set aside sufficient funds so you can travel when you're 65 ... contribute to a number of charities, without taking away appreciably from the estate you're building ... arrange your finances so that your spouse won't be hit by exorbitant taxation at your death ... and so on.

Once you've decided on your goals, **assess your financial needs.** What are your assets? Do you own a home? Do you have a checking account, a savings account, mutual funds, a vacation home, a car? What do you owe — on consumer loans, vehicles, real estate, furnishings? Do you have any pension plans, IRAs, Keoghs or other investment plans that will generate income in the future?

You'll also have to determine where your money goes, on a weekly, monthly or yearly basis. Your current assets are the foundation for your future assets. Your advisor must know what you have to work with — how much you must reserve for immediate use, including emergencies; how much risk you can take in your investments; how much insurance coverage you need; etc.

With your goals and your assets in writing, now you can **develop a written plan.**

What items will your advisor consider?

You have goals — concrete objectives that you must pay attention to: taxes, inflation, retirement, emergencies. But you also have dreams — perhaps luxuries you're hoping someday to acquire. Your financial plan will set forth a strategy that will help you meet your needs and work toward your dreams.

Income tax planning Many people consider income tax reduction to be the main reason for financial planning. This is undoubtedly because — regardless of the size of your salary or estate — income taxes are a reality. So one goal of your financial plan is indeed to make your income tax liability as small as possible.

Your financial advisor will suggest such transactions as: interest-free loans, charitable gifts, certain retirement plans that also influence income taxes (IRAs, Keoghs, etc.), personal holding companies and tax-free investments.

Investment planning Investments — stocks, bonds, mutual funds, etc. — carry with them a certain element of risk: loss from taxes or poor timing; loss of liquidity, principal or income; loss from lack of diversification. Yet investments allow you to accumulate wealth.

So the wise financial advisor will temper your investments with insurance (which protects against risks) and savings (which provide liquidity for short-term needs and emergencies). Options to consider include: corporate stocks, mutual funds, money market funds, certificates of deposit, bonds and real estate.

Retirement planning You can't simply deal with retirement when it happens. You have to plan ahead. So your advisor will steer you toward Individual Retirement Accounts, Keogh or H.R. 10 plans (if you're self-employed), employer retirement plans (pension, annuity or profit-sharing plans), annuities and trusts (charitable and otherwise), and life insurance.

Estate planning If your taxable estate is larger than $2 million at the time of your death, it will be subject to estate taxes. You will want to offset this taxation by using the unified credit,

Prevention First

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woman's right to choose and focus on common-ground policies that protect women's freedom and privacy.

Your generous support ensures the success of our *Prevention First* initiative and all our efforts to reduce the number of unintended pregnancies, while protecting a woman's right to choose.