

Spring 2011



# PRB Matters

PLANNING FOR TOMORROW

## Plan Now for Later

**D**id you know that more than 60 percent of Americans do not have a valid last will and testament? Many believe that this all-time high is a direct result of tax uncertainty over the past 10 years.

Now that a new tax law is in effect and much of that uncertainty has been reduced—at least temporarily—perhaps it's time to review and update your gift, estate and financial plans.

### *What happened*

At the end of last year, you may have been one of a number of taxpayers facing the possibility of an increase in taxes on income, dividends and capital gains as well as the return of the federal estate tax. Had Congress not acted, millions more taxpayers would have found themselves subject to the Alternative Minimum Tax.

December's legislation that prevented those tax increases from taking effect in January also included a provision designed to provide an additional economic stimulus to help the recovery of 2011.

### *What it means to you*

While tax laws and the state of the economy are likely to change over time, the preservation of the status quo may mean that this is an ideal time to review your personal and philanthropic plans.

### *Plan for your future*

Regardless of where you are in your life, careful planning can help you discover ways your resources might do more than you ever imagined.

In this issue we will share a number of ideas that may help you make the most of various gift planning opportunities.

Please feel free to contact PRB for additional information. You can reach me at 202-939-5425, or [jscott@prb.org](mailto:jscott@prb.org).

A handwritten signature in black ink, appearing to read "jescott", is positioned above the printed name and title.

James E. Scott  
Acting President  
Chief Financial and  
Operating Officer



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## Inside This Issue

- Giving wisely in 2011
- The charitable IRA is back
- Meet Carl Haub, Senior Demographer
- Profile in Giving: Sherry Huber

## GIFT PLANNING POINTERS

As you consider your charitable gift plans for 2011, keep in mind that:

- Charitable gifts can serve to eliminate tax on a portion of your income.
- A charitable gift can result in tax savings for up to six tax years.
- Gifts of securities and other appropriate property that has increased in value can eliminate capital gains tax.
- Special benefits can result from gifts of retirement plan assets.

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PRB informs people around the world about population, health and the environment, and empowers them to use that information to advance the well-being of current and future generations.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMXI RFSCO, Inc. All Rights Reserved. NQD2X-11

# Giving Wisely in 2011

You can help ensure that your gifts result in maximum benefits for you, your loved ones and your charitable interests by carefully considering the best ways to give.

## *A popular way to give*

More people make charitable gifts by cash or check than any other means. Cash gifts are convenient and are welcome in any amount.

Through gifts of cash, it can be possible to eliminate federal (and perhaps state) income tax on a large portion of your income.

This allows you to make charitable gifts using resources that would otherwise be partially consumed by taxes.

## *In the market for giving?*

If you have securities you have owned for more than a year that are worth more than they cost, consider using them to make gifts.

Your deduction will actually be based on their full value. Not only that, you will not owe capital gains tax that would be due on a sale of the securities.

If it fits with your plans, it is permissible to repurchase the securities at their current price. You then enjoy a new, higher cost basis with less tax due on a future sale. A subsequent sale at a lower value could result in a deductible loss instead of less gain.

## *Benefit from losses*

If you hold securities or other investments that are now worth less than they cost, consider selling them and giving the cash proceeds. When you are able to deduct the amount of the loss as well as the gift amount, your deductions will total more than the current value of the investment.

## *Maximize benefits now*

If you or your advisors believe that charitable deductions may be limited in the future as has been proposed, your tax savings may never be higher. In this case, you may find that giving more this year will ensure the greatest overall tax savings. Remember that only gifts completed by Dec. 31 will be deductible on your 2011 tax return.

# The Charitable IRA Is Back

A special provision that allows those 70½ and older to direct gifts from traditional and Roth IRAs to charity has been reenacted through the end of this year.

Many people who do not anticipate needing all of these funds may find this to be a very tax-wise way to support their charitable interests.

Gifts of up to \$100,000 per person may be made in this way.

These gifts will count toward minimum required distributions and are not subject to income tax. While no charitable deduction may be claimed, not having the donated funds subject to income tax is equivalent to a 100 percent tax deduction.

Those over 70½ with IRAs who enjoy making charitable gifts should consider this special opportunity.

# Estate Tax Update

You may have read about the repeal of the federal estate tax for last year and the resulting uncertainty about whether that repeal would be permanent.

## *More to give*

As it turns out, legislation enacted in late 2010 reinstated the federal estate tax. The good news, however, is that the estate tax rate was lowered and now applies to larger estates than in the past.

Positive changes were also made in gift tax laws with reductions in the amount of tax due on gifts to loved ones during lifetime.

More generous gift and estate tax exemptions now mean many will have more after-tax assets available to make provisions for family, friends and charitable interests.

## *Charitable gifts remain deductible*

Regardless of changes in tax rates and exemptions, charitably inclined individuals will be pleased to learn that there remains no limit on the amount of charitable gifts that can pass totally free of federal gift and estate tax. Not taxing charitable gifts leaves more of the estate for other heirs than if such gifts were also subject to estate taxes.

## *A good time to review*

If you are uncertain whether your estate plans take maximum advantage of recent tax legislation and otherwise reflect your current wishes, now may be an ideal time to meet with your advisors to update your plans.

# Giving and Receiving

You may also wish to consider arranging for future charitable gifts that result in immediate tax and other financial benefits. By doing so, you may be able to enjoy tax savings, increased income and other financial advantages today while still providing for a significant charitable gift as part of your long-range planning.

These special plans offer one or more of the following benefits:

- Generous fixed or variable income payments for life or another time period you determine.
- Income tax savings based on the full value of assets given.
- Diversification of investments while reducing or eliminating capital gains tax.
- Professional asset management.
- Possible reduction of probate expenses.

We will be pleased to provide more information to you and your advisors about these and other charitable giving opportunities.



Carl Haub

PRB Senior Demographer  
and Visiting Scholar

My first acquaintance with demography was in 1975 when I had lunch with demographer Leon Bouvier. Demography sounded like an intriguing field, combining international studies and statistics. I enrolled in the master's program in demography at Georgetown University where, being in Washington—arguably the center of the demographic world—there was a particularly stellar group of professors. That period included stints as a research assistant at the National Academy of Sciences, the World Bank and the U.S. Census Bureau.

I certainly never dreamed of the international experience I would have, working in countries as varied as Belarus, India, Jamaica and Seychelles. Preparing the annual *World Population Data Sheet* over the years has been a fascinating task, a kind of “detective work,” looking for the latest data from the world's countries.

One of the more rewarding aspects of my more than 30 years at PRB has been answering questions from journalists, teachers and, well, just about anyone. When you do that, you learn so much yourself.

## NEW LIFE FOR OLD POLICIES

You may find that a life insurance policy purchased for the payment of taxes or the protection of a loved one may no longer be needed for its original purpose.

Redirecting life insurance proceeds for charitable purposes can be a convenient way to make a generous, cost-effective gift.

**PRB**

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# Sherry Huber

## Family Planning Advocate and Conservationist

In 1971, Maine residents Sherry and David Huber worked long and hard to help create the Family Planning Association of Maine. The association's mission is to ensure that every Maine woman, regardless of income, has access to high-quality reproductive health services.

Their dedication to public service took hold in other ways as well. David Huber left his family's timber company to serve in the Maine House of Representatives from 1973 to 1974, and in the Senate from 1975 until 1982. Sherry Huber served in the House of Representatives from 1975 to 1982, and twice ran for governor.

In 1973, David sponsored the Maine Family Planning Act (still in effect) that earmarks state funds for family planning services. The bill reads, in part: "Unwanted conception may place severe medical, emotional, social and economic burdens on the family unit and that it is desirable that inhibitions and restrictions to the delivery of family planning services be reduced so that all persons desiring and needing such services shall have ready and practicable access thereto in appropriate settings sensitive to their needs and beliefs."

David contributed to PRB for many years. He passed away in 1995, and Sherry has continued to support PRB because, like her husband, she believes in women's reproductive health and family planning. "My husband had a great saying," she noted. "If you don't like abortion, you'd better like family planning." Prevention is one way to avoid the



Sherry Huber

results of "not paying attention," she added.

Sherry's other passion is for the environment. She is the executive director of the Maine Tree Foundation, an education organization that focuses on all the values of the state's forests, including economic and environmental, recreation and wildlife. Ninety percent of the land in Maine is still forest, and the foundation "tries very hard to connect people with the forest, to recognize all its values," Sherry explained.

She appreciates PRB's unbiased and credible information, and acknowledges the need for "solid independent research that is not tainted by a point of view." Family planning and the environment are "the two areas where I feel most connected and able to make a difference," she said. She believes strongly that both areas are very important for the future of the United States, and contributing to PRB is another way for her to make a difference.

To learn more about the many ways you can contribute to PRB, please call us at 202-939-5421.