



11001 O'Malley Centre Drive, Suite 201  
Anchorage, Alaska 99515  
Phone: (907) 522-2272  
Fax: (907) 522-6893  
E-mail: generations@foleyfoley.com

*Connecting Generations*

*Continued from Page 3*

provide loved ones with the best estate planning available.

Our **Generations** Maintenance program is unique in Alaska. **Generations** clients benefit from ongoing updates, phone calls, asset tracking, and legal advice for one low annual fee. The program enables both of us to be systematic in assuring that your estate planning reflects your current desires and changes in laws. It also makes it possible to communicate issues of importance to you using tools like this newsletter.

Your family is important to you and you are important to us. Thank you for continuing to trust us with your estate planning needs.



WELCOME,  
NIKKI  
MARTIN!

Foley & Foley is pleased to announce that Nikki C. Martin has joined the firm as an associate attorney. Nikki was born and raised in Palmer, Alaska. She received her undergraduate degree in political science from the University of South Carolina and her Juris Doctor from Lewis & Clark Northwestern School of Law. Before joining Foley & Foley, Nikki clerked for Superior Court Judge Andrew Guidi in Anchorage.

A Newsletter from **Foley & Foley, A Professional Corp.**

# Generations

For our clients and our professional estate planning partners

## The IRA Charitable Rollover: A Great Way to Support your Favorite Charity

By Susan Behlke Foley

*The holidays are just around the corner, and many of us are starting to think about ways to give back to our community or favorite charities. There may be a way you can give back while taking advantage of tax and investment requirements.*

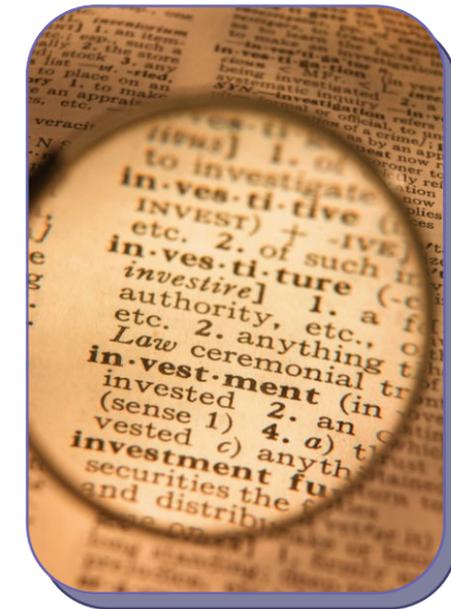
Anyone over 70½ must take annual distributions from his or her IRA. Annual distributions for the current year must be taken before December 31, 2011. If this is on your year-end "to do" list, you may be able to help yourself and help the organization of your choice at the same time. You can ask that a payment be made directly from your IRA to a charitable organization.

Here are some of the ways this can work for you:

It's easy. Directing a distribution to the organization means you do not need to

write a separate check to them. The money goes directly from your IRA to the charity!

It can save income tax if you **don't** itemize deductions. Money that is paid directly to charity from your IRA is not reported as income on your income tax return. If you don't itemize deductions, a distribution from your IRA directly to



*Continued on Page 2*



### Annual Successor Trustee Workshop

*Don't Miss It!*

**When:**  
December 27, 2011

**Where:**  
Crowne Plaza Hotel  
Aurora II Conference Room  
109 W. Int'l Airport Road

**Time:**  
1:00 p.m.

**Who:**  
For *Generations* clients, their families, successor trustees, and beneficiaries.

**Why:**  
Celebrate the holidays. Teach your family, friends, and loved ones about your estate plan. Allow us to get to know your family better.

**RSVP at 522-2272**

*In This Issue: The IRA Charitable Rollover... Giving the "Stuff" Away... Staying Connected through **Generations**... and a new addition to the Foley & Foley team!*

## Charitable IRA Rollovers

*Continued from Page 1*

charity will mean you pay less income tax than you would if you made a gift of the same amount from other funds.

If you **do** itemize deductions, direct payment from your IRA can mean you don't give more than you can deduct. In general, you can't deduct gifts to charities totaling more than 50% of your gross income. Because a distribution directly from your IRA to a charitable organization is not de-



ductible, it does not count against that 50% limit.

It can result in lower tax on your Social Security income. If your other income is above certain thresholds,

Social Security income will be taxed at either the 50% or the 85% rate. Gifts made directly from your IRA to charity are not counted as income. In some situations, this means less of your Social Security income will be paid to Uncle Sam.

This can literally mean your other money stays in the bank.

It gives you flexibility in how you support your favorite charity. You can give a maximum of \$100,000 to charity from your IRA. If you want to make a donation before year-end but prefer not to part with investments you have outside of your IRA, the IRA Charitable Rollover enables you to hang on to the assets you prefer. This can literally mean your other money stays in the bank.

The IRA Charitable Rollover cannot be used to contribute to a donor advised fund; however, other contri-

butions to a community foundation qualify. The Alaska Community Foundation's Alaska Fund, which benefits causes throughout the state, is one example.

Remember that money coming to you from a Roth IRA is never subject to income tax. This means a gift to charity from a Roth IRA is not a good idea.

We recommend you contact your CPA right away to see if a contribution from your IRA directly to charity is a good option for you. If so, remember that the check from your IRA needs to be made payable directly to the charity you have selected. You will need the full legal name and mailing address of the nonprofit organization, as well as its Tax ID number. You may divide the distribution among multiple organizations or use a portion of the total for a contribution to charity.

Many of our clients give generously to nonprofit organizations. We commend each of you who make a difference in the lives of others this way.

## Giving the "Stuff" Away: Personal Property Distributions

Perhaps the most common source of disputes among the heirs during an estate administration relates to the distribution of personal property. Often, inconsequential personal items become the focus of

deep frustration, anger, jealousy, or friction.

It isn't that the property has substantial value. Rather, the perceived value of an item is increased when



*Continued on Page 3*

## Giving the "Stuff" Away

*Continued from Page 2*

that item is given to someone else. It's almost as if the heirs have reverted back to the nursery where, despite an abundance of toys, each toddler desires the very item that the other child is playing with. This is part of our human nature that we don't want to acknowledge as adults. The potential for conflicts over personal property can be addressed in several ways in an estate plan.

First, Alaska law allows you to refer to a "Personal Property Memorandum" in your will or trust. As you acquire or dispose of personal property you can create and change the list of people who should receive these items.

Second, we suggest that parents consider leaving at least one or two specific items of personal property to each child. Even if the property

has more sentimental than monetary value, it makes the recipient feel special and valued.

Third, make special arrangements for particularly valuable or highly



sentimental items that are likely to become a bone of contention. When three daughters all want a particularly valuable piece of their mother's jewelry, not even the wisdom of Solomon can suggest the proper division. If one of the daughters gets the

item, her financial inheritance can be reduced accordingly to make the division "fair".

Fourth, talk with your children or heirs and try to discern if particular items are likely to cause a problem or if agreement for division of the special family "stuff" can be reached while you're still here.

Finally, suggest using a lottery system that allows children to "draw straws". Each child chooses an item of property in order until the last child gets a pick. Then reverse the order of selection for the next round; keep reversing until all of the personal property is selected. This method allows each heir a fair and equal chance to select personal property.

When you do quality estate planning, your eye is on the future. Dealing with the special "stuff" may be one of the most important things you do to enhance family harmony.

## Staying Connected Through Generations

The pace of change in our modern world sometimes seems overwhelming. Just when we learn one thing, something new comes along. The internet, email, Twitter, Facebook, blogs, iPhones and iPads, and ever-evolving technology has changed the way we communicate. They create a sense of urgency, mandating immediate responses to

every Tweet, post, ring, or message.

Not only is communication technology changing faster than ever, it seems the complicated Internal Revenue Code and other laws that govern us are in a constant state of flux, as well. This means that the old days of preparing a will and not seeing your estate planning lawyer again

for 20 years are over. The past decade (and more) has seen extreme

Our **Generations** maintenance program is unique in Alaska.

fluctuations in estate and gift tax laws. Frequent modifications and "tweaks" are now the rule. The pace of change makes it challenging to

*Continued on Page 4*