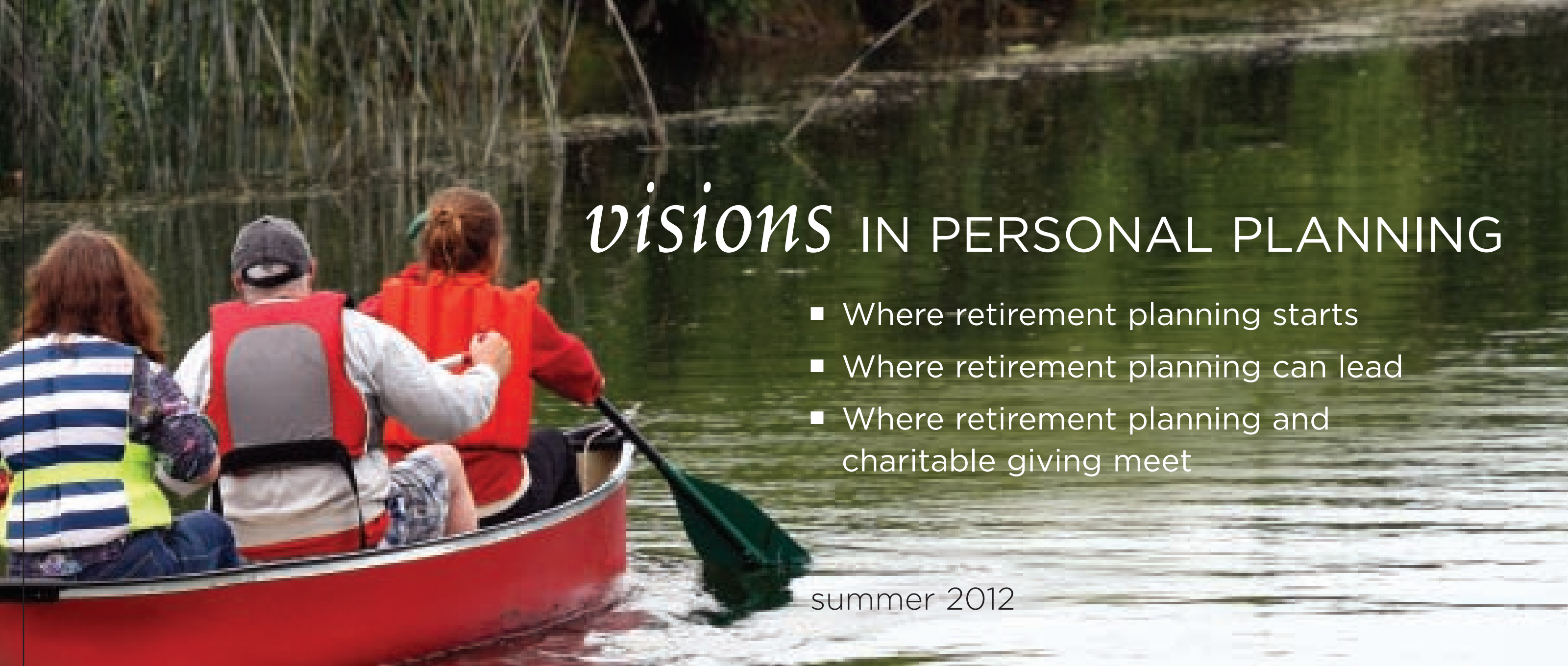

visions IN PERSONAL PLANNING

- Where retirement planning starts
- Where retirement planning can lead
- Where retirement planning and charitable giving meet

summer 2012

Charitable Giving in Retirement

In 1972, retirement often meant a gold watch and green pastures.

In 2012, retirement means something much different. In fact, Baby Boomers are redefining retirement. Instead of traveling down a career path and coming to a complete stop, people today move right past age 65—sometimes in the same direction, sometimes taking a new one.

People used to think retirement planning was only about saving enough for retirement. Today, retirement planning means starting early and managing your resources as you grow older. Even more than that, retirement planning today involves deciding what you want to do going forward.

Many people believe volunteering and charitable giving enriches retirement. There are many ways to contribute and give back to our community. Personal philanthropy can be a guiding principle in what you decide.

In this issue of *Visions*, we take a look at different aspects of retirement and suggest ways that charitable giving can be a productive part of your plans. For more detailed information, be sure to send for our brochure, *Savvy Gifting Means Everybody Wins*. You are invited to contact us to discuss the ideas in this newsletter or any question you might have about giving to the Zeta Beta Tau Foundation. We look forward to hearing from you.

Cordially, Fraternally and Sincerely,
Faron A. Lewitt

OUR PLANNED GIVING WEBSITE!
Visit **www.zbt.org/plannedgiving** to learn more about options for integrating tax-favored giving with your personal planning.

ZETA BETA TAU
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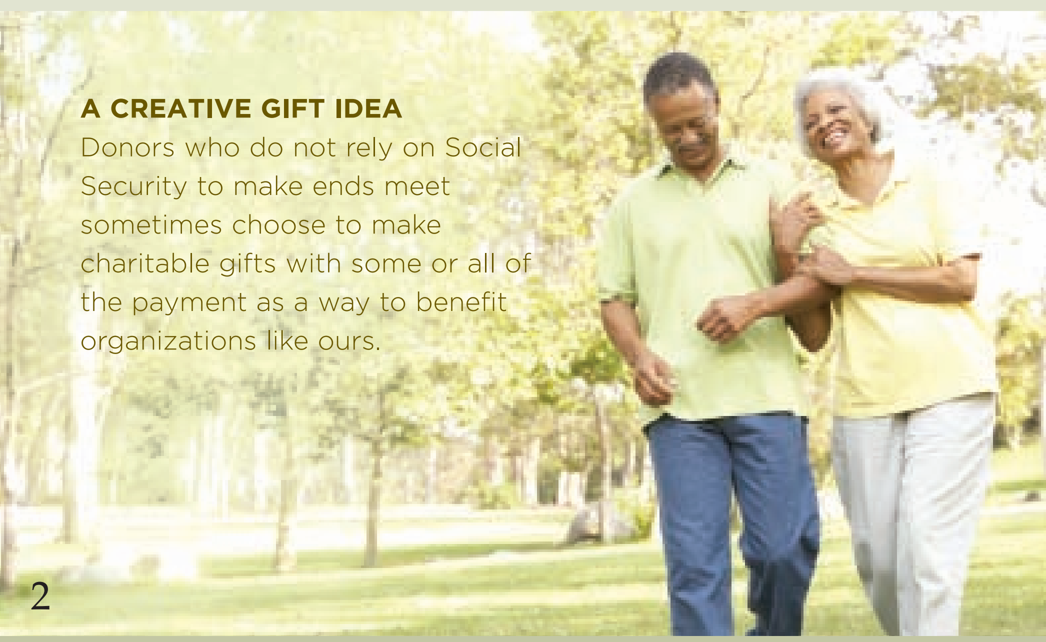
Where It Starts: Saving for Retirement

Retirement planning starts with saving. Many people expect to continue working no matter what, but that does not mean there is no need to put money aside for later.

One effective saving strategy is using a tax-deferred retirement account like an IRA or a 401(k). The double advantage of tax deferral is that you can put untaxed money into these accounts, and the money can grow tax deferred. Once you reach age 59½, you can take distributions (considered income to you). A variation of the IRA called a Roth IRA lets an owner contribute money in the tax-deferred account without the deduction, but distributions from the Roth IRA are not taxed. This may be a good option if you do not need the tax deduction for contributions that the traditional IRA offers.

How you invest as you approach retirement should be different from how you invested when you started your career. Small cap aggressive stocks might be a good choice for the portfolio of a younger investor, but not necessarily for someone further down the road. The idea is to gradually ease towards more conservative options in order to reduce risk.

Social Security has also become an integral part of retirement planning for most people. The amount of the Social Security benefit depends on what someone has contributed over the years (called the primary insurance amount or PIA) and when benefits begin. The longer a person waits to begin taking Social Security benefits, the larger the payments will eventually be (up to a point). Also, for retirees who have not reached "full retirement age" but have opted into Social Security, there is a cap on what they can earn each year without a reduction in benefits. So choosing when and how to take Social Security benefits requires careful consideration.



A CREATIVE GIFT IDEA

Donors who do not rely on Social Security to make ends meet sometimes choose to make charitable gifts with some or all of the payment as a way to benefit organizations like ours.

Where it goes: managing resources in retirement

Financial planners recommend that your retirement plans have some flexibility. There are many different factors beyond anyone's control that could change your situation:

Inflation: The cost of things usually goes up—what $1 buys today is less than what it bought years ago.

Medical Expenses: Understanding medical insurance coverage (both private and government-sponsored) is vital to getting the necessary care without paying too high a cost. As the health insurance landscape changes, you will want to know how your personal planning is affected.

Taxes: In retirement, most people earn less income, and that income may be more favorably taxed. However, Congress and state legislatures do not always keep the status quo when it comes to taxes.

Longevity: Believe it or not, this could be a problem! However, there are ways to avoid exhausting one's savings over time.

While there are things not in your control, a sensible retirement plan can adjust to bumps in the road without changing the way you live.

Another reason to keep your retirement plans flexible is so that you can change your direction later in life:

- Moving to a different part of the country
- Traveling to new and different places
- Renewing your vows or marrying late in life
- Experiencing the joy of grandchildren (and great-grandchildren!)

When your life changes, your plans can change.

MARK YOUR CALENDAR

Age 59½
Eligible to start taking distributions from most retirement accounts without penalty

Age 62
Eligible to start receiving Social Security benefits (by a reduced amount)

Age 64 and 9 months
Apply for Medicare

Age 65-67
Begin to receive Social Security benefits (by a full amount)

Age 70½
Must take annual required minimum distributions from most retirement accounts

What about the IRA charitable rollover?

From 2006 to 2011, the IRA Charitable Rollover allowed donors age 70½ and up to make direct tax-free transfers from an IRA to charity. The transfer counted towards the Required Minimum Distribution for the tax year, and the transferred amount was excluded from the donor's income (up to $100,000 a year).

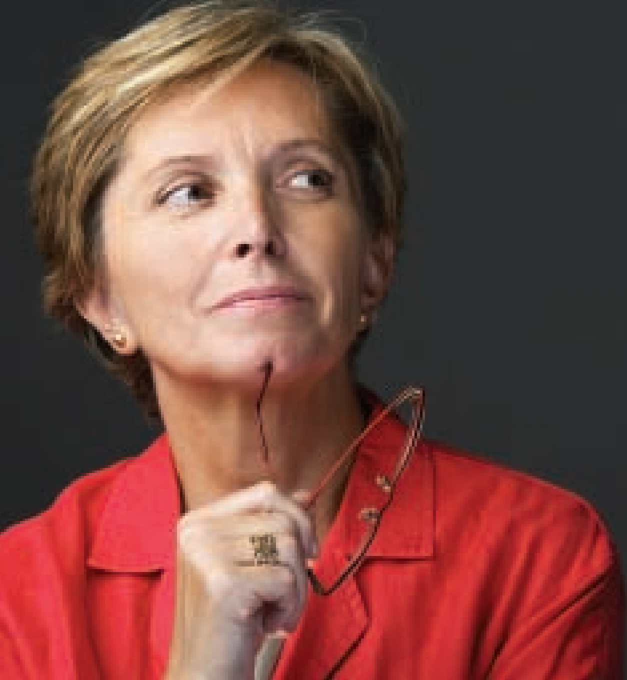
But the IRA Charitable Rollover provision had an expiration date under federal law. At the time this issue went to press, there is still hope that Congress will revive the IRA Charitable Rollover for 2012. We hope Congress does act because this is a good option for our supporters. Please check with your financial advisor or contact us to learn the current status of this giving opportunity.

Where it stops: what happens to retirement accounts

Retirement accounts are an effective way to save. They can also be an effective way to give to charity.

The reason is that an IRA account left to a family member may be subject to higher taxation than other types of assets you could otherwise leave. Remember all the untaxed growth that has built up inside your tax-deferred retirement account? When you leave your retirement accounts to someone, he or she is also obligated to pay income tax on the distributions.

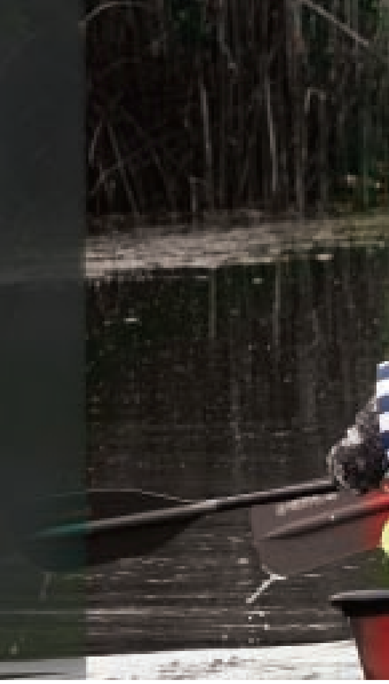
Another option is to fund a charitable bequest with your retirement account assets, and leave different assets—such as appreciated stock—to family and friends. This can reduce taxes, which means you can effectively leave more to loved ones. The key is that charities do not pay income tax when they cash in a retirement account, so the entire amount is available to further our mission.



WHERE PLANNING AND GIVING MEET

Everyone looks forward and plans for retirement, but no two approaches will be exactly alike. Professional advisors can offer you timely advice on what to do, and being informed is the first step.

Keep in mind charitable giving can be an integral part of retirement planning, not just an add-on. Charitable contributions provide helpful tax deductions, and can even supplement your retirement income.



SAVING FOR RETIREMENT AND GIVING IN RETIREMENT

Financial advisors will always tell a young person that the best way to save for retirement is to start now and save on a regular basis—even if it is only a small amount. What starts out small will grow a great deal over decades.

It's possible to think about charitable giving the same way. Just like saving from an early age can really add up, giving regularly over the long-term can make a tremendous difference in what the Zeta Beta Tau Foundation can accomplish. You may enjoy exploring the different ways to give and learning about the impact you can make.

We are always available to provide information about our programs and talk to you and your advisors about effective and time-tested ways of giving.

A Personal Touch

Setting your course in retirement

Retirement planning is not a one-time event. People change, and plans can change. What remains constant is the need to stay up-to-date on what works.

If you are interested in learning more about the ways charitable giving can enhance retirement planning—both personally and financially—please send for our complimentary brochure, *Savvy Gifting Means Everybody Wins*. Just return the enclosed reply card or simply give us a call. We look forward to hearing from you—because your philanthropy can be as creative as you.

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