Estate and Gift Planning Information for Friends of Dartmouth Medicine

Giving with Vision

Fall 2007

Dartmouth Medical School | Dartmouth-Hitchcock Medical Center

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Dear Friends,

Those of you who visit Dartmouth-Hitchcock Medical Center's Lebanon campus are seeing our vision for the future take shape—through a new major construction project. Work is well underway to make space for the C. Everett Koop Medical Science Complex on the south side of DHMC adjacent to the Borwell Research Building.

This new complex will ensure Dartmouth's continued leadership in medical education, scientific research, and the study of how health care is being delivered across the country. A brief overview of the project is included in this issue of Giving with Vision.

Here at DHMC and DMS, we look forward to the day when this new facility comes alive with those whose curiosity, insight, and dedication will shape 21st century medicine.

Sincerely,

David B. Ely, CFP®, ChFC
Director of Gift Planning

campaign update

The Transforming Medicine Campaign is steadily advancing towards its $250 million goal, thanks to the generosity of our friends, patients, alumni, faculty and staff, and community. As of June 30, 2007, the Campaign had received commitments of more than $160 million.

Through their gifts to the Transforming Medicine Campaign, donors are strengthening our commitment to teaching and the training of future generations of doctors and scientists, investing in the research that will drive 21st century health care, while making sure that today's patients—from the smallest and most vulnerable to those at the end of life—receive the very best of care.

To learn more, please visit **www.transmed.dartmouth.edu**.

The Campaign.
transforming medicine
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In the News

CBS News Features DHMC Quality Reporting

DHMC's commitment to quality reporting and transparency attracted national attention in June when it was featured on CBS Evening News. DHMC is widely recognized as a national leader in quality reporting, having launched its program in 2005. DHMC's quality reports, available online at www.dhmc.org, provide detailed analysis of treatment outcomes and patient satisfaction with their experience at DHMC for a variety of conditions ranging from breast cancer and diabetes to stroke and herniated disc.

CBS interviewed Dr. William Abdu, Director of the Spine Center at DHMC, about how this data is used by patients and physicians. Abdu also explained how DHMC's Center for Shared Decision Making helps patients use the information to understand the likely outcomes of various treatment options, think about what is personally important about the risks and benefits of each option, and actively participate in decisions about their medical care. "We are basing our decisions on patient preference, not on surgeon preference," said Abdu. "The patients are educated about their options and their outcomes based on those options."

Donating Real Estate

Gifts of real estate are one of the most overlooked, but most valuable, charitable gifts a donor can make. Donors will often ignore this giving opportunity, thinking it is too complex, too expensive, or too time-consuming. Fortunately, an experienced gift planning professional can simplify the whole process, removing the burden of details from the donor and helping to make the gift a reality. Here are the most common ways to gift real estate to DHMC/DMS.

Outright Gift

The real estate is gifted to DHMC/DMS, which then sells the property. The donor receives a charitable tax deduction for the property's appraised fair market value (FMV), and the sale proceeds are used as a charitable gift to fund the program or service of the donor's choice.

Bargain Sale

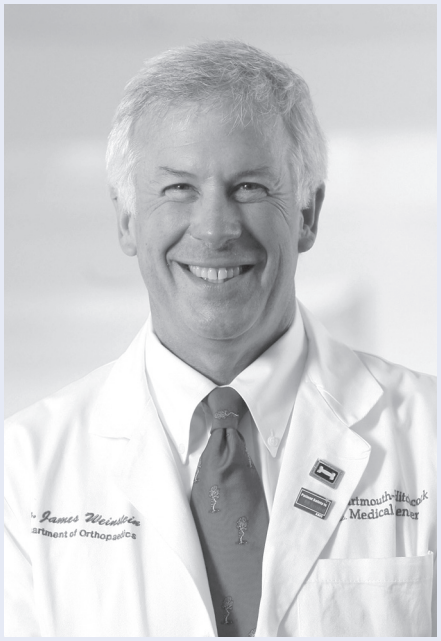
The donor sells the real estate at a discount, or bargain price, to DHMC/DMS. The donor receives a charitable tax deduction for the difference between this bargain price and the appraised FMV. DHMC/DMS then sells the property, and any proceeds beyond the original bargain price are used as a charitable gift. This strategy is commonly used to reduce or eliminate capital gain taxes on the sale of a property.

Part Gift / Part Sale

A percentage of the real estate (typically land) is gifted to DHMC/DMS. The donor receives a charitable deduction for that percentage of the appraised FMV. The entire property is then sold, and the donor and DHMC/DMS receive their respective percentages of the proceeds. This is another strategy commonly used to reduce or eliminate capital gain taxes. Unlike a bargain sale, in which DHMC/DMS is the buyer, a part gift/part sale transaction requires a buyer to be found.

Life Estate Agreement

The donor gifts a first or second home or even a farm to DHMC/DMS, while retaining the right to live there for their lifetime or a term of years. The donor receives an income tax deduction for a portion of the appraised FMV when a life estate agreement is established. The donor will then continue to pay any maintenance costs, property insurance, and taxes just as the donor does today. After the agreed term, the property is sold by DHMC/DMS and the net sale proceeds are used as a charitable gift.



Center for the Evaluative Clinical Sciences
Looks Forward to New Home, Welcomes New Director

Dr. James N. Weinstein has been named the new Director of the Center for the Evaluative Clinical Sciences (CECS) at Dartmouth. Weinstein succeeds his colleague and mentor Dr. John (Jack) Wennberg, founder and leader of CECS since 1988, who stepped down in June.

"I am absolutely delighted that Jim will lead the next generation of CECS," said Wennberg. "More than anyone, he understands how our research can be applied in the real world to improve patient care, reform our healthcare system, and produce a new kind of healthcare leader."

Under Weinstein's leadership, the Center has been given new status as the Institute for Health

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Life Income Gifts Simplified

Charitable gifts that provide donors with an income for life are growing in popularity. These gifts are simple to make and offer donors increased income, as well as income tax and estate tax advantages. Below is a quick comparison of the three most common types of life income gifts. Additional options exist for complex financial needs.

Charitable Gift Annuity (CGA)

- Fixed income for life
- Income amount ($) is age-based
- Income guaranteed by DHMC/DMS assets
- Gifted asset(s) managed by DHMC/DMS

Charitable Remainder Annuity Trust (CRAT)

- Fixed income for life
- Income amount ($) is chosen by donor within IRS limits
- Income not guaranteed; paid from trust assets
- Gifted asset(s) managed by DHMC/DMS or your investment company

Charitable Remainder Unitrust (CRUT)

- Variable income based on investment results
- Income rate (%) chosen by donor within IRS limits
- Income not guaranteed; paid from trust assets
- Gifted asset(s) managed by DHMC/DMS or your investment company

The CRUT may provide more income in later years to help offset the effects of inflation. Donors with investment experience who need income over a longer timeframe will often select this option.

Benefits of Life Income Gifts

- **Bypass income and estate taxes**—Any assets you remove from your estate through a life income gift will be free from estate taxes. If you gift appreciated assets, they can be sold without paying capital gain taxes.
- **Increase income**—Gifted assets are reinvested for diversification and increased income. That income may be partially tax free. Options exist to defer income from a CGA and CRUT until needed.
- **Charitable income tax deduction**—The deduction is generally 40 to 60 percent of the gifted amount. Any unused portion of this charitable deduction can be carried forward for five additional years, which helps offset future income tax liability.

The Office of Gift Planning is available to meet with you and/or your professional advisors to discuss how a life income gift to DHMC or DMS can help you accomplish your financial, estate, and charitable goals. You may also use our online gift calculator at ***www.dhmc.org/dept/dev/cga*** to create a private, personalized presentation that will allow you to explore the benefits of these planned gifts.

Policy and Clinical Practice. "CECS has transformed not just our understanding of the problems within our healthcare system, but the manner in which we practice medicine, train effective healthcare leaders and physicians, and approach the tough questions around variations in the provision of care," said Dr. Stephen P. Spielberg, dean of Dartmouth Medical School. "With a new, unique institute dedicated to these efforts, Jim Weinstein will continue and expand on this critical work."

The Institute will be housed in the new C. Everett Koop Medical Science Complex at DHMC. The Institute's work is central to the vision for the Koop Complex as an exciting hub of innovation where researchers, doctors, and others are working to find new cures, advanced therapies, and better outcomes for patients, improving healthcare quality and delivery regionally and nationally.

Groundbreaking for the new Koop Complex is currently anticipated for summer of 2008. The layout of the facility will bring state-of-the-art research and exceptional academic programs together in close proximity to clinical and patient care areas, creating an environment that encourages collaboration and discovery. Its two wings—one home to the Institute for Health Policy and Clinical Practice and the other for bench-to-bedside research that translates basic science discoveries into clinical applications—will be joined by LeBaron Commons, an area designed to foster formal and informal interaction.

Limited Time Offer Ends Soon

Donors continue to contact us with great questions about the **IRA Charitable Rollover** tax provision that **ends December 31, 2007**. Is this option right for you? Here are answers to some of the most frequently asked questions.

Q: *What is an **IRA Charitable Rollover**?*
A: An **IRA Charitable Rollover** is a time-limited tax provision that allows you to make a gift from your Individual Retirement Account (IRA) directly to DHMC, DMS, or other public charities. If you would like to make a charitable gift from another type of retirement plan (401k, 403b, etc.) you must transfer those accounts to an IRA beforehand.

Q: *Who can make an **IRA Charitable Rollover** and what are the limits?*
A: Donors over the age of 70½ may gift up to $100,000 from their IRA in 2007. Although the maximum gift is quite high, savvy donors wanting to avoid any unnecessary tax have made gifts ranging from $100 up to the maximum.

Q: *Can't I just withdraw money from my IRA and then make a charitable gift? It sounds much simpler.*
A: Yes, it sounds simpler, but it's actually more complicated, and you may not receive the financial benefits of this rollover provision. If you withdraw money from your IRA, you have to include that amount in your taxable income. This added income could trigger other taxes or limit your itemized deductions, including the charitable deduction for this gift. An **IRA Charitable Rollover** simplifies your tax return because your charitable gift offsets this distribution.

Q: *How can an **IRA Charitable Rollover** help with my estate planning?*
A: IRAs and other types of retirement accounts are part of your estate and may be subject to estate tax at your death. Additionally, your beneficiaries may have to pay income tax on any withdrawals. Together, these taxes could reduce the value of these accounts by as much as 80%! Why not gift some or all of your IRA to charity so its full value is realized? Ask your financial advisor how these taxes could affect the value of your retirement assets.

Q: *Can a gift from my IRA fulfill my annual **required minimum distribution** (RMD)?*
A: Yes! Some donors don't need extra income, but are forced to take this taxable distribution annually, which can trigger other taxes or limit their itemized deductions. Donors can avoid this problem by directing some or all of their RMD to DHMC or DMS.

Q: *How do I get started?*
A: Contact your financial institution and ask them to initiate an **IRA Charitable Rollover** to DHMC or DMS. There is usually a simple form to complete that we can help you with. Please call us at 1-866-272-1955 with any additional questions you have.

Pinnacle Society Save the Date!

Join us on Tuesday, October 2, 2007 at the Hanover Inn for the Pinnacle Society's annual luncheon, featuring a keynote address by Stephen J. Bartels, MD, Medical Director of the New Hampshire Division of Behavioral Health and DMS faculty member in Geriatric Psychiatry. Dr. Bartels will discuss the DMS/DHMC geriatric initiative and the planned Dartmouth Center on Senior Health and Aging. Details will be in your mailbox soon... Meanwhile, please save the date! We look forward to seeing you then.

We'd like to hear from you...

Virtually every activity we undertake at Dartmouth Medical School and Dartmouth-Hitchcock Medical Center in fulfillment of our mission can be enhanced through philanthropic support. A well-thought-out estate plan helps you provide for your loved ones and gives you the option of supporting people and programs throughout the Dartmouth medical enterprise.

We encourage you to contact the Office of Gift Planning as you work with your professional advisors to plan a thoughtful and beneficial gift-giving strategy that includes "giving with vision."

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