MAKING YOUR DOLLARS MAKE SENSE

ESTATE PLANNING CAN BE TAXING

BY WARREN SINSHEIMER

THERE ARE MULTIPLE GOALS for estate planning, chief among them to provide for your loved ones and protect your heirs from unnecessary estate taxes.

For those committed to the transformative value of education, it can also be an important opportunity to plan a gift to Cal Poly – to enhance the institution, support the next generation of students and perpetuate Cal Poly's learn-by-doing credo into the future.

Even in the best of times, estate planning can be a challenge. When tax laws have changed, and indecision and uncertainty reign on Capitol Hill, it can be truly taxing.

WHEN TAX LAWS HAVE CHANGED, AND INDECISION AND UNCERTAINTY REIGN ON CAPITOL HILL, IT CAN BE TRULY TAXING.

The good news is that combining estate planning with proactive financial management can help defray current tax liabilities.

One of the significant changes in tax law relates to Roth IRAs. Contributions are made with after-tax funds, so after five years and a minimum age of 59½, investors can withdraw both the capital and appreciated assets tax-free.

This year, and possibly only this year, Congress eliminated income ceilings that prevented people with higher incomes from participating. Through the end of the year at least, any investor can convert a traditional IRA to a Roth IRA.

The downside of converting an existing IRA is that the investor will have to pay regular income tax on the amount being converted. That can be a costly undertaking for anyone, especially those in higher tax brackets.

Despite the tax hit, investors are taking a close look at this opportunity. Before acting, though, it's a good idea to take a comprehensive review of long-term goals. For those who want to remember Cal Poly in their estate plans, it might actually be more tax efficient to name Cal Poly as a beneficiary of the existing IRA (or a portion of it), rather than convert it to a Roth and incur the tax liability.

For those who have a longer horizon before retirement, there may be a bigger benefit to the conversion. If so, there are giving vehicles that help offset the tax liability. For instance, a Charitable Gift Annuity may provide some immediate tax savings, as well as tax-advantaged retirement income and ongoing support for Cal Poly.

This confluence of factors presents an unusual opportunity to confer with your financial advisers and the planned giving professionals at Cal Poly to determine an optimal strategy for your particular situation.

For more information, contact the Planned Giving Department at 805-756-7125 or *plannedgiving@calpoly.edu*. □

Warren Sinsheimer specializes in trust and estate planning and administration, taxation, fiduciary litigation and charitable giving with the law offices of Sinsheimer Juhnke Lebens & McIvor. A past president of the San Luis Obispo County Bar Association, Sinsheimer was president of the Foundation for the Performing Arts Center from its inception in 1986 until 1996 and currently serves as a director on the Cal Poly Foundation.

WILLPOWER

PREPARING A WILL OR A TRUST is far more than just a legal mechanism to provide for your loved ones and protect them from unnecessary estate taxes. It's also an opportunity to invest in causes close to your heart.

Our planned giving experts can help alumni and friends like you to make a real and tangible difference in the world. We can help you leave a lasting legacy that will support the next generation of successful Cal Poly alumni.

Let us assist you in identifying tax-advantaged strategies to support programs worthy of your investment. Remembering Cal Poly in your estate planning is an effective way for you to support learn-by-doing, the cornerstone of a Cal Poly education.

For simple language you can share with your tax adviser, visit: *www.plannedgiving.calpoly.edu* or contact one of our professionals at:

PLANNED AND MAJOR GIFTS OFFICE
Heron Hall, Building 117
Cal Poly
San Luis Obispo, CA 93407-0444

Phone: (805) 756-7125
Toll Free: (800) 549-2666
Fax: (805) 756-2711

E-mail: *plannedgiving@calpoly.edu*
Web: *www.plannedgiving.calpoly.edu*

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