



Issue 23

Since 1947

So You Think You're Warren Buffett?

I love this country!

On June 26, Warren Buffett announced he was planning to contribute as much as \$37 Billion to the Bill and Melinda Gates foundation in order to "seek cures for the world's worst diseases and improve American education." The foundation already has \$29.1 Billion in assets. The Buffett children, all middle-aged, dutifully responded that they not only understood their father's action, but supported it. His daughter was quoted as saying, "We wouldn't know what to do with all that money, anyway."

This event triggers a flood of memories of estate sessions where I have heard parents with significant assets struggle to determine the balance between "how much is enough for the children and grandchildren?" and "what happens to the money I leave to charity?"

I've always favored a simpler approach to charitable giving. Let's use some of our estate assets to continue to support worthwhile causes that we've supported during our lifetime. Many of our clients have adopted a concept called, "A Child Called Charity" to accomplish this. Others have combined their charitable intent with a desire to

provide a financial safety net for their parents' potential medical or long-term care needs, sort of an "I Care Trust."

Over the years we've developed many creative ways you can share your assets with your family, your university, your church, your favorite research organization, etc. Contact us for ideas that might benefit you and your situation.

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Finally, I was struck by two specific comments during the Buffett interview. Bill Gates said, "There is no reason we can't cure the top 20 diseases . . ." with the combined nearly \$70 Billion in asset! It's interesting to me the other 49 foundations on the Top 50 list have combined assets of \$144 Trillion! By Bill's standards one could wonder why there is disease or poverty anywhere in the world with that much money available to eradicate them. Buffett said, "There is more than one way to get to heaven, but this is a great way." Really?

Don See, CLU®

PLANNING TO KEEP
Families
IN BUSINESS

Good News!

The current crediting rate on *Minnesota Life* Adjustable III life insurance policies was raised from 4.5% to 5.4% in May 2006. **It was raised again in June 2006 to 5.7%.**

Women Hold the Wealth

Interesting Facts:

- ✓ Women will inherit 70% of all estates.
- ✓ 51% of all private wealth is controlled by women. **
- ✓ More than half of high net worth women business owners and executives contribute more than \$25,000 to charity each year. **
- ✓ 2.5 million women are top wealth holders with a combined wealth of \$4.2 trillion. *
- ✓ The number of privately held US businesses owned by women has grown 17% since 1977, nearly double the growth for all businesses.

*1998 IRS Report

** Women in Higher Education 2/12/06

CHECKLIST FOR WOMEN BUSINESS OWNERS

While there are more similarities than differences when it comes to men and women who own businesses, the differences are noteworthy.

While the majority of women have some life insurance coverage, fewer have disability insurance.

According to *CNN Money*, 69% own life insurance but only 28% own disability insurance. A 40-year old woman is 4x more likely to become disabled than to die. Women also file more disability claims than men - their bodies are a little more complicated! Make sure you protect your income stream against the unexpected.

As of 2003, men's life expectancy was 74.8, women 80.1. As women leave the accumulation phase and enter the liquidation phase of the planning cycle, it is very common for disability policies to be exchanged and the premiums applied towards **long-term care insurance**. With the high costs of health care, use long-term care insurance to protect your hard-earned estate.

92% of women business owners give to charity each year. Women now donate 2.3% of their income as opposed to 2.1% from men according to *Deloitte & Touche*. This may be surprising but women often give more quietly than men--not as many headlines, not as many building names. Women like to learn from other successful women and will emulate them which are why **giving clubs** are becoming very popular across the United States. If your favorite charitable organization(s)

doesn't have a giving club, start one! Learn how you can keep more by giving it away with strategies like a Charitable Remainder Trust or a Charitable Lead Trust. Learn if some of the income tax deductions or capital gain savings may be appropriate for your goals and objectives.

Prepare for estate taxes – In the United States, the tradition of taxing assets at death began with the Stamp Act of 1797 and will probably always have some form of federal estate or state death tax. According to *Research* Jan 2005, only 42% of Americans have a basic will; only 34% of women earning \$150-200k annually have an estate plan. Learn why wills and trusts are so important for women business owners not only for tax purposes but for control.

Plan for a smooth business succession – don't leave it to luck! Make sure you have a succession plan in place whether it involves children, key employees or an outside sale. Just as important, make sure you have a **contingency plan** in case something happens to you prematurely or you are no longer able to run the business.

Find an advisor you trust to help you incorporate your personal goals with your financial goals, such as passing values on to your children or grandchildren. Current lifestyle, family legacy and social causes should be considered when putting together your personal estate plan. Women are generally far more conservative when it comes to financial matters and will require education from a trusted source to build a long-term advisory relationship.

In future newsletters we will focus on each one of these areas. Call us if you want us to help you think through any of these planning ideas. You can also visit our website for valuable information on business succession, charitable planning and estate strategies at www.passitoninc.com

Dianne Loper, AAMS®

September is...

Life Insurance Awareness Month

Please contact us if you have questions about long-term care, disability, key person/buy-sell arrangements, or personal life insurance.

If you would like to **OPT-IN** and receive this newsletter electronically, email us at info@passitoninc.net

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