THE FERRUCCI COMPANY

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CHARITABLE WORKS

This is the fourth and final newsletter in our series highlighting the four pillars of our wealth strategies here at The Ferrucci Company. The first three—Wealth Enhancement, Wealth Transfer, and Asset Protection—all dealt with building and preserving your wealth. The fourth, Charitable Giving, is about giving your wealth away, not to family members or the government, but to charities and organizations that you and your family are passionate about.

The fourth pillar of our wealth strategies is all about giving.

But in a very real sense, our Charitable Giving strategies are also about preserving your wealth. We can help you organize your philanthropic activities in a way that maximizes the amount of money you have to give away and maintains your control over where it goes. It is also possible to make sure your heirs are well cared for.

There are many different methods of doing this, often in surprisingly complicated and technical ways. Here are some of the techniques we use to help our clients in their Charitable Giving.

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SOME KEY STRATEGIES

Family Foundations: These charitable organizations keep your name alive and help the causes you are most passionate about, while also allowing you to reduce your estate tax liability and avoid capital gains taxes on appreciated stock and other property. Drawbacks: The legal fees to establish a foundation can be hefty, and the rules for recordkeeping are lengthy and strict.

Charitable Remainder Trusts: Under a CRT, you receive a stream of income from the trust for the remainder of your life, and you name the beneficiaries who will receive your philanthropic gifts after your death. CRTs do not pay capital gains taxes, so they are an excellent vehicle in which to hold your investments, and their assets do not count as part of your estate. Drawback: All the money in a CRT must go to charities, not to your heirs.

Charitable Lead Trusts: A charitable lead trust is a trust with both charitable and noncharitable beneficiaries. It is called a lead trust because the charity is entitled to the

lead, or first, interest in the trust property, and the noncharitable beneficiary receives the remainder, or second-in-line, interest. The remainder beneficiaries could be your family.

Donor Advised Funds: Run by nonprofit organizations, by mutual fund companies, or by independent organizations like the American Endowment Foundation, a DAF allows you to donate as little as $10,000 a year to a foundation or public charity for an immediate tax write-off while at the same time deferring the distribution of the money for several years. Donor advised funds are easy to contribute to and require no ongoing tax reporting or administration.

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DOING WELL

These are only a small sampling of possible charitable strategies. The bottom line is that while you are giving back some of your wealth to the community, you can also enhance the security of your spouse, your heirs, and yourself. It's truly doing well by doing good.

Charitable strategies not only do good, they could even enhance security.

We hope that this series of newsletters has given you a better idea of what we see as our purpose in our clients' lives. Wealth strategists see their clients' situations from all sides in order to arrive at the same conclusions: security, prosperity, good works, and a bright future, whether we're looking at enhancing and preserving your assets, or helping you give them away.

For more information on The Ferrucci Company, please take a look at our Web site at www.ferruccicompany.com. Or you can give us a call directly at 800.633.3051, or send an e-mail to david@ferruccicompany.com or paul@ferruccicompany.com.

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