McHales Give Toward Heart Research

Warren McHale had angioplasty at Cleveland Clinic 15 years ago and was happy with his care. Recently, he and his wife, Carol, decided to show their satisfaction by supporting Cleveland Clinic’s Heart & Vascular Institute with a charitable gift annuity.

They are directing their gift toward research projects “that might otherwise lack the funding to get off the ground,” Mr. McHale says.

“It’s not only our personal experience that led to our gift,” Mrs. McHale says. “We’re well aware of heredity issues with heart disease and would like to see new kinds of testing developed.”

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McHales Give Toward Heart Research

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The McHales have a history of service-mindedness. Mrs. McHale, a retired career counselor with LakeLand Community College and social worker with the Lake County Mental Health Center, and Mr. McHale, retired Group President for Parker-Hannifin Corp., both served on the boards of Cleveland-area nonprofit organizations before moving to Naples, Fla., 10 years ago.

The couple also has a passion for healthcare. “We have been interested in medical issues and research our whole lives,” Mrs. McHale says.

Having worked in nonprofit institutions, she says, she understands the role that philanthropy plays. “Research is important, and philanthropy is very important in supporting it.”

For their Heart & Vascular Institute support, the McHales liked the idea of a charitable gift annuity because it provides them with a guaranteed income stream for life, in addition to fulfilling their charitable goals.

“It made it easy to give,” Mr. McHale says. “We could arrange the timing and amount to match our own situation.”

I would like to extend warm year-end greetings to all the supporters of Cleveland Clinic with whom I’ve had the privilege of working, and welcome the many new friends I’ve made this past year. As I reflect on 2008, I realize that it has been a year of exciting accomplishments, despite the challenges, and I would like to take this opportunity to personally thank all of you. You are the foundation of the future of medicine at Cleveland Clinic.

In 2008 we welcomed 27 new members to our Pyramid Legacy Society, making membership more than 1,100 strong. Pyramid is our way of thanking and honoring generous supporters who have shared with us that Cleveland Clinic is part of their estate plans. If Cleveland Clinic is in your estate plans, please let us know so that we may have the privilege of thanking you and making you part of our Pyramid family, too.

Cleveland Clinic continues to be ranked as one of the three best hospitals in the country and, for the 14th consecutive year, our Heart & Vascular Institute has been ranked No.1 by US News & World Report. The Sydell and Arnold Miller Family Pavilion and the Glickman Tower, home to Cleveland Clinic’s leading-edge Heart & Vascular Institute and the Glickman Urological & Kidney Institute, opened their doors and started accepting patients in October. If you haven’t done so already, I invite you to visit our new buildings and see for yourself how the future of medicine is being built at Cleveland Clinic.

I am also pleased to welcome Amanda “Mandy” Shaerban, Esq., as our new Assistant Director for gift planning. Mandy has worked with our gift planning group for the last two years as a legal intern, so she has gift planning experience and knows Cleveland Clinic well. We convinced her to stay with us after she passed the bar exam this summer. It has been an exciting year for Mandy because we also celebrated her marriage in October. Congratulations, and welcome, Mandy!

Happy holidays to you and your family.

Nelson J. Wittenmyer, Jr., Esq.
Vice Chairman
Office of Institutional Relations and Development

Meet the Newest Member of the Gift Planning Team

Amanda “Mandy” Shaerban, Esq., is our new Assistant Director for Gift Planning. Mandy may look familiar because she has served as legal intern of the department for the past two years. In May, Mandy graduated from Cleveland-Marshall College of Law, and she passed the bar exam this summer. She also is a proud alum of Case Western Reserve University and Magnificat High School. We are thrilled to welcome Mandy as a full-time member of our gift planning team.
Grace Neumann Champions Hospice Care

Arthur Neumann spent his last days playing bridge with his brothers. It’s not what one might expect to see at a hospice care facility.

Grateful for the caring hospice medical team that improved her husband’s quality of life, even in his final days, Grace Neumann chose to support Hospice of Cleveland Clinic with a charitable gift annuity.

The couple, who lived in Lakewood, Ohio, enjoyed a 45-year marriage filled with love and adventure. The now-retired speech pathology teacher and her chemical engineer-turned-lawyer husband traveled the world. They stayed in beautiful resorts on some trips, in tents on others, and even drove through Europe in a Volkswagen van. Wherever they went, they found time for their favorite activities, including golf, scuba diving, swimming and water skiing.

At home, the Neumanns were avid bridge players who formed close friendships with fellow bridge club members. They also were active in their church and various social organizations, volunteering at Fairview Hospital, Playhouse Square, the Cleveland Play House and Severance Hall.

“We celebrated all the time and had a very active social life,” Mrs. Neumann says. “We had an awful lot of fun.”

However, during the last decade of his life, Mr. Neumann developed heart problems, which ran in his family. “He was on a lot of medication but led a normal and active life until his last year,” Mrs. Neumann says.

Eventually, they moved out of their house and into an apartment overlooking Lake Erie. “He was pretty ill, but we scheduled our bridge clubs to play there, and we went through a whole year’s worth of games in a few months. It was so great for him – everybody came. It was a super way to keep him going.”

In 2006, when Mr. Neumann was 81, he fell at home. “As soon as his doctor saw him, he said, ‘He’s going to hospice,’” Mrs. Neumann says. “It was exactly the right thing to do. His care was excellent.”

With her charitable gift annuity, Mrs. Neumann will have a guaranteed income stream for life while helping extend the benefits of hospice care to others.

“Through my support of Hospice of Cleveland Clinic, I hope to help other people needing this care,” Mrs. Neumann says. “Hospice care is a marvelous gift to the human race.”

With the charitable gift annuity, Mrs. Neumann will have a guaranteed income stream for life while helping extend the benefits of hospice care to others.
The year 2008 will be remembered as a year of financial turmoil and instability, but most of us will think of our economy in more personal terms. You may be concerned that our country is in a recession as you try your best to adhere to strict budgets and also prepare for the future. If you had every intention of including gifts to charity in your planning for this year, you might be surprised to find that certain options make this a very good time to include a favored nonprofit organization such as Cleveland Clinic in your overall estate plan.

Charitable Bequests

Financial advisers are increasingly likely during a recession to advise clients to forgo an outright gift and instead put a charity in their will. This option would enable you or your financial manager to set aside assets and manage them until they are gifted to Cleveland Clinic. The terms can be changed at any time if your financial situation changes.

With a will you can:
- Determine to whom, how, and when your assets will be distributed
- Name an executor who will manage the estate in accordance with your intentions
- Reduce and sometimes eliminate estate taxes
- Make a gift to Cleveland Clinic and be certain that your gift will support the area that you have designated.

Note: Every dollar that you donate to charity, during your lifetime or in your will, reduces your taxable estate.

Example of Simple Bequest Language

I bequeath to The Cleveland Clinic Foundation, Cleveland, Ohio, (the sum of $___ or ___%) to support (area of your choosing, or for the area of greatest need) at Cleveland Clinic.

Retirement Plan Assets

Did you know that 75 to 80 percent of a retirement plan account could be lost to federal, state and local income and estate taxes if it were to pass directly to children or grandchildren? All these taxes could be avoided if the assets were used to make a testamentary gift to Cleveland Clinic.

When left to Cleveland Clinic, retirement funds qualify for an estate tax deduction and can be distributed free of income tax because of our tax-exempt status. A gift of retirement plan assets allows you to make a significant charitable gift at relatively little cost to your heirs, spare your heirs a tax burden and know that more of your money is helping our mission.

Example of a Gift of Retirement Plan Assets

A gift of $100,000 left to heirs could incur estate taxes of $45,000 and income taxes of $19,250, which would leave only $35,750 to your heirs and $64,250 to the government. A gift of $100,000 to Cleveland Clinic incurs no taxes; therefore, the full $100,000 is available to support the area of Cleveland Clinic that you have designated. (This example assumes that the total estate is taxable and that 45 percent estate tax and 35 percent income tax brackets are applicable.)
Life Insurance Policies

The purpose of a life insurance policy is to offer guaranteed funds when they are needed most. It is likely that you have one or more policies and that most were purchased to serve a specific need. For example, life insurance policies provide security to a family with young children or to the owner of a business. However, if the original need for the policy no longer exists, you may want to consider naming Cleveland Clinic as the owner and beneficiary of your policy.

The benefits of this are twofold: First, the proceeds paid to Cleveland Clinic are not subject to estate tax. Secondly, when you assign ownership of a policy to us, you may receive an immediate charitable deduction for either the policy’s fair-market value or the net premiums paid. You also are allowed a charitable deduction for any premiums you continue to pay to keep the policy in force.

Charitable Lead Trusts

The appeal of a charitable lead trust – especially if you are looking for a way to pass on wealth to children and grandchildren – is that you may pass more money to your heirs and may also avoid or reduce estate or gift taxes. When interest rates are low (as they currently are), the Internal Revenue Service anticipates that the value of the assets ultimately going back to your heirs also will be low and will not increase.

With this type of arrangement, Cleveland Clinic receives the income now instead of later. A lead trust may be established to last for your lifetime or for a set number of years. At the termination of the trust, the remainder goes back to you or your heirs.

Example

If you put $50,000 into a 5 percent nongrantor charitable lead trust that pays Cleveland Clinic $2,500 for the next 20 years and then distributes the remainder to your children, the present value of your charitable interest is slightly more than $50,000. This means that none of the $50,000 you put into the trust is treated as a taxable gift to the named beneficiaries. If the trust is able to achieve a return above 5 percent, your beneficiaries will eventually receive more than $50,000 totally free of estate and gift taxes.

The time always is right to review your charitable, financial and estate plans, but it becomes more crucial during economic turbulence. It is comforting to know that you have options. A member of our gift planning team would be delighted to work with you and your financial advisor to help secure your philanthropic wishes and the future of medicine at Cleveland Clinic. Please contact us at giftplanning@ccf.org, or 216.444.1251.
Gift Spectrum

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<th>Current</th>
<th>Deferred or Life Income</th>
<th>Testamentary</th>
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<tbody>
<tr>
<td>• Outright gift</td>
<td>• Gift annuity</td>
<td>• Bequest</td>
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<tr>
<td>• Multi-year pledge</td>
<td>• Charitable remainder trust</td>
<td>• Life insurance</td>
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<td></td>
<td>• Charitable lead trust</td>
<td>• Retirement plan</td>
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<td></td>
<td>• Retained life estate</td>
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The chart above outlines the range of charitable gifts. For those who desire to make a gift but wonder whether now is a good time, the options below expand on gifts suitable for the current economy.

• **Outright gift**
  You may want to think about different types of assets you can use to fund a gift, such as:
  > Artwork, collectibles
  > Your home, vacation home or other real estate

• **Charitable Gift Annuity**
  In some cases, you may not wish to make an outright gift now. Instead, you may wish to transfer some of your assets into a gift annuity, which provides you with a fixed stream of income, in exchange for leaving a portion of those assets to charity for the future. A gift annuity can give you the security of income without the risk of loss that may occur with other investments today. For instance, a 70-and-a-half year-old with $10,000 currently invested in a money market earning 3 percent could establish a charitable gift annuity and receive 6.1 percent for life, while also making a gift to Cleveland Clinic.

• **Testamentary Gifts**
  You may name Cleveland Clinic as a beneficiary on your IRA/retirement plan. Did you know that 75 to 80 percent of a retirement plan account could be lost to federal, state and local income taxes if it were to pass directly to children or grandchildren? All these taxes could be avoided if the assets were used to make a testamentary gift to charity.

• **IRA / Retirement Plan**
  Good news: The Emergency Economic Stabilization Act of 2008 includes the extension of the IRA rollover provision. This provision allows an owner of a traditional or Roth IRA to instruct the IRA manager to distribute directly to a public charity up to $100,000 without the distribution being included in taxable income. That distribution will count toward the IRA owner’s mandatory withdrawal amount. You must be at least age 70-and-a-half, and the gift must be outright; rollovers to a planned gift, such as a gift annuity or a charitable remainder trust, do not qualify.

The gift planning team is here to help you create the plan that is best for everyone. Please contact us at giftplanning@ccf.org, or 216.444.1251. ▲
Support Family and Charity With Your IRA

The Emergency Economic Stabilization Act of 2008 includes an extension of the IRA rollover. This opportunity will be available through Dec. 31, 2009.

If you are required to take minimum distributions from your IRA, you have three options:

1. Keep the distribution and pay taxes. If you reinvest it, however, you and your family will be subject to investment risk.

2. Roll it over directly to Cleveland Clinic and pay no tax (your gift will go to support your favorite program or area within Cleveland Clinic, but because the money in your IRA was never taxed, you are ineligible for a charitable tax deduction).

or

3. Remove the investment risk and support your family at the same time by taking a distribution and using the after-tax remainder to make a gift to Cleveland Clinic. You could establish a charitable gift annuity, which guarantees you income for life. Plus, you may benefit from partial tax savings.

You may qualify for a Charitable IRA Rollover if:

• You are age 70-and-a-half or older
• The cash distribution is made directly to a qualified charity
• The distribution is $100,000 or less per year
• Your gift is outright (rollovers to a planned gift, such as a gift annuity or charitable remainder trust, do not qualify).

Check with your legal or financial advisor or call Cleveland Clinic’s Office of Institutional Relations & Development to see which of these options is right for you and your family.

For further information, contact the gift planning team at 800.223.2273, ext. 41251, or 216.444.1251, or email your questions to giftplanning@ccf.org.

Complimentary Booklet: A Personal and Charitable Financial Record

Year-end is always a good time for reflection and preparing for the future. Begin making your financial and estate plans by reviewing your current financial situation.

To assist you in this effort, we are offering a free booklet, A Personal and Charitable Financial Record. You may use this booklet as a tool to help you organize your assets and document vital information. In addition, it offers suggestions on how charitable gift planning may fit into your future.

If you would like to begin planning now, please return the postage-paid reply card and we will send you this valuable booklet. For personal assistance with your charitable goals, please call Cleveland Clinic at 216.444.1251 or toll-free, 800.223.2273, ext. 41251, and ask to speak with a member of our gift planning team. Or, you can email us at giftplanning@ccf.org.
Changing the Future Through Gift Planning

Planned gifts make a major difference in Cleveland Clinic’s ability to provide world-class patient care, conduct research, train physicians and improve its campus. Since Today’s Innovations, Tomorrow’s Healthcare: Campaign for Cleveland Clinic began, more than $381.2 million has been raised for these areas through financial and estate planning. Gift planning provides both present and future support through current, deferred and testamentary commitments.

Future patients especially will benefit from research and medical education supported by planned gifts. More than $19.5 million in planned gifts has been raised for training current and future physicians. More than $75.3 million supports research that will lead to a better understanding of a wide range of diseases and new approaches to treatment.

Federal and corporate support for research has diminished significantly in recent years. In the current economic climate, philanthropic support through financial and estate planning is becoming increasingly important to the future of medicine.

Campaign Advances Medical Progress

Pyramid Legacy Society members play a key role in helping Cleveland Clinic reach new heights in medicine. More than 918 planned gifts to Cleveland Clinic total $381.2 million of the $1.07 billion campaign support to date.

Become a member of the Pyramid Legacy Society by supporting Today’s Innovations, Tomorrow’s Healthcare: Campaign for Cleveland Clinic with a planned gift today. Call our Gift Planning Department at 216.444.1251.

To learn more, visit clevelandclinic.org/giving or email giftplanning@ccf.org.

Pyramid Legacy Society

The Pyramid Legacy Society was established in 1992 to honor and show appreciation to all patients, friends and alumni worldwide whose support is building a legacy for Cleveland Clinic through their charitable gift plans. These farsighted individuals are Building the Foundation for Tomorrow’s Healthcare.

Anonymous Friends
Eli and Edythe Broad Foundation
Richard T. and Marjorie Garrett
Bette Hamilton
Barbara A. Main
Leroy Pantera
Fred G. Peele
Robert J. Rice

Do your estate plans include Cleveland Clinic? Let us know!

EVERY GIFT MAKES A DIFFERENCE
Call 216.444.1251.

New Online Supporter Honor Roll

Search for your name, print a personalized certificate and see who else has donated generously to Cleveland Clinic with the convenience of the new online supporter honor roll. Visit online at clevelandclinic.org/giving.

Pyramid

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