SPOTLIGHT

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SECURIAN™

Thinking About Giving:
When It Comes to Charities, Donors Have Choices

Even in challenging economic times, Americans support charities. While giving dropped slightly in 2009, contributions exceeded $300 billion for the third consecutive year, according to the Giving USA Foundation. Among the most generous Americans: investor Warren Buffett, whose charitable donations totaled $1.5 billion.

Regardless of what you give to charity, how you make contributions can increase the benefits of giving and the impact of your donations.

Common Ways to Give

Most contributions are made through lifetime gifts — the simplest, most straightforward way to donate. The donor gives cash, financial assets, or property to a charity. Tax laws look favorably on these efforts, typically giving the donor a tax deduction. Donors can also give their time, but time isn't tax deductible.

Several requirements must be met to take a tax deduction. The organization must qualify as a charity, taxpayers have to itemize deductions, and deductions for property are limited to fair market value.

Taking a More Complex Approach

More complex ways to donate include wills, trusts, and private foundations. A charity can be named as a beneficiary in a will. Someone with substantial assets can set up a private foundation. Charitable trusts, which offer tax and estate planning advantages, can be established.

With a ***charitable remainder trust***, a donor establishes and funds a trust. The donor or a beneficiary can receive income from the trust for a period of time, often for the donor's or beneficiary's lifetime. The remainder of the asset goes to the charity when the period expires or the donor dies.

With a ***charitable gift annuity***, the donor permanently transfers cash or securities to the charity, which makes regular payments to the donor or a beneficiary, typically for life. The payments end at the donor's or beneficiary's death, and the remaining value of the property goes to the charity.

If a one-time check is the simplest way to give, establishing a private foundation may be the most complicated. Some donors with substantial assets decide to create private foundations to channel their contributions. Private foundations offer great control and flexibility, letting the donor determine exactly how and when a charitable gift is applied. But foundations are also subject to very tight rules, and can face heavy tax levies for breaking those rules.

While there are many ways to give to charity, it's important to do so with forethought. Working with a financial professional can give you a better understanding of the different ways to contribute and how you can make your contributions go further.

As you face decisions that affect your financial future, knowledge can make a difference. We hope you find this newsletter both interesting and informative. We would also like to take this opportunity to say thanks for your continued support. If you have questions about the topics addressed in this issue or any other financial concerns, please feel free to call me at any time.

Issue Highlights

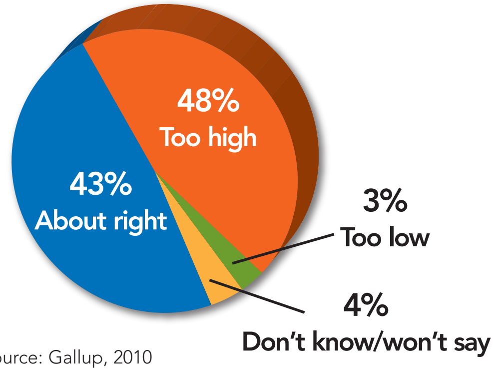
When the Government Owes You

Only 3% of Americans think their income taxes are too low. Americans are far more likely to believe their taxes are either too high or about right.[1]

Most Americans have few options for legally reducing their tax burdens, which could explain why municipal bonds are so popular. Municipal bonds are debt obligations issued by state and local government entities. With a few exceptions, they pay interest that is not subject to federal income tax. If there is a catch, it's the fact that munis tend to pay lower interest rates than comparable bonds. For this reason, the benefits tend to accrue to investors in the higher income tax brackets.

Tax Opinion

How Americans feel about the burden of federal income taxes



Source: Gallup, 2010

If a bond was issued by a municipality outside the state in which you reside, the interest could be subject to state and local income taxes. If you sell a municipal bond at a profit, you could incur capital gains taxes. Some municipal bond interest could be subject to the federal alternative minimum tax. The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost. Investments seeking to achieve higher yields also involve a higher degree of risk.

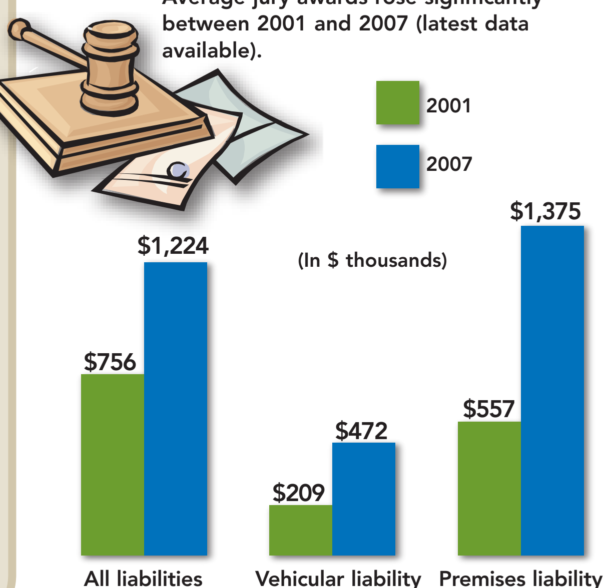
1) Gallup, 2010

Liability Insurance That Has You Covered

Just about anyone who owns a car or a house has some liability insurance through a homeowners and/or automobile insurance policy. But there can be a big difference between having insurance and having *enough* insurance. If you were facing a judgment that exceeded your liability coverage limits, it's possible that your home, investments, and even future earnings could be used to satisfy the obligation.

Jury on Duty

Average jury awards rose significantly between 2001 and 2007 (latest data available).



Source: Insurance Information Institute, 2010

Although the risk of being hit with a multimillion-dollar judgment in a personal injury case is fairly low, so is the cost of owning adequate protection. An *umbrella liability insurance policy* is designed to supplement your auto and homeowners policies. An umbrella policy can help pay a claim that exceeds the limits of your primary policies, up to the umbrella policy limits. Umbrella policies typically charge a few hundred dollars a year for $1 million of coverage. The benefits can be used to help pay jury awards, plaintiff medical expenses, and legal fees.

An umbrella liability insurance policy can help add an extra layer of insurance coverage without significantly higher premiums. Now may be a good time to review your risk-management strategy to help ensure that you wouldn't have to use personal assets to settle a large liability claim.

New Rules for Gift Cards

New rules are in effect for companies that issue gift cards and gift certificates, including some that make it difficult to levy fees for inactivity.

- Card issuers cannot charge inactivity fees on cards sold on or after August 22, 2010, unless the card or certificate has been inactive for at least one year.
- After one year, the issuer may levy inactivity fees, but no more than once per month.
- All applicable fees must be explained clearly both on the card and to the consumer at the time of purchase.
- The money stored in a gift card must be usable for at least five years from the date the card was issued. If a consumer adds money to the card, the amount added must also be good for at least five years.

Source:
Federal Reserve, 2010

GDP: A Quick Read on the Economy

The U.S. economy is so large, diverse, and complex that it would seem a nearly impossible task to count up how much activity is occurring and whether the economy is growing or shrinking. But the federal government does just that when it measures *gross domestic product*, the total value of all final goods and services produced by the U.S. economy in a given year.

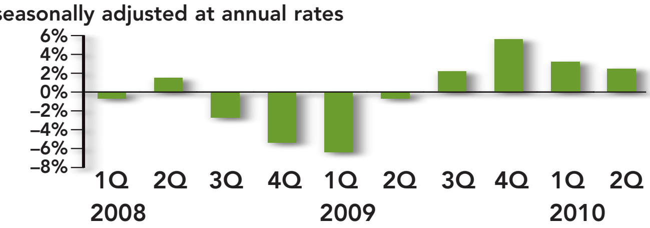
Also called GDP or simply "the economy," this figure is released quarterly and is closely watched by business leaders, policymakers, and investors. GDP is a key barometer of national economic health that can sometimes aid in forecasting economic activity as well as corporate earnings.

GDP is also often a good indicator of where interest rates may be headed. A weak GDP number makes it more likely that the Federal Reserve will keep interest rates low. When the economy seems to be overheating, the Fed may raise rates to help keep growth in check.

GDP data can give an indication of economic tides and cross-currents. But when it comes to decisions about your portfolio, GDP should take a backseat to your personal circumstances, risk tolerance, and time horizon.

That's Gross Domestic Product

Percentage change in real U.S. gross domestic product, seasonally adjusted at annual rates



Source: Bureau of Economic Analysis, 2010

Health Care Could Cost *How Much*?

Health insurance reform passed by Congress this year contained little relief for the rising costs of retiree health care. According to recent estimates, a man may need between $144,000 and $290,000 in savings, and a woman may need between $210,000 and $406,000 in savings, to have a 50% chance of affording health care in retirement.[1] Some people may need to save even more if they expect to live longer than the average life expectancy, have above-average prescription drug costs, or want greater certainty that they will be able to afford health care in retirement.

Although these estimates assume retirement at age 65 in 2019, they are useful benchmarks for people of all ages who are saving for retirement. In addition to life expectancy, prescription drug costs are among the biggest variables affecting health-care cost projections. As shown in the table, a woman retiring in 2019 at age 65 who spends more on prescription drugs than 90% of retirees could need $406,000 in savings to have a 50% probability of having enough money to cover her costs. If she wanted to be 90% certain of having enough money, she could need $754,000.

Of course, your situation is bound to vary because of your age and health. Even so, these estimates may help you base your long-term projections on realistic expectations so that you won't have to cut back on your retirement lifestyle in order to pay for health care.

1) Employee Benefit Research Institute, 2010

Projecting Medical Costs

Amounts needed to cover medical expenses for someone retiring at age 65 in 2019, by gender and probability that savings will cover all expenses. For example, a woman who wants a 90% probability of being able to pay her medical expenses throughout retirement and spends more on prescription drugs than 90% of her peers would need to accumulate $754,000, assuming retirement at age 65 in 2019.

	Median drug expenses	Drug expenses greater than those experienced by 75% of retirees	Drug expenses greater than those experienced by 90% of retirees
Men			
50%	$144,000	$169,000	$290,000
75%	$225,000	$266,000	$468,000
90%	$297,000	$355,000	$634,000
Women			
50%	$210,000	$235,000	$406,000
75%	$282,000	$318,000	$563,000
90%	$370,000	$419,000	$754,000

Source: Employee Benefit Research Institute, 2010

Wealth and World

Most affluent people believe that wealth is a reward for hard work and that it offers freedom of choice and access to the best products and services. These views may come as no surprise, but a survey found that wealthy people around the world have divergent opinions about the benefits of wealth.

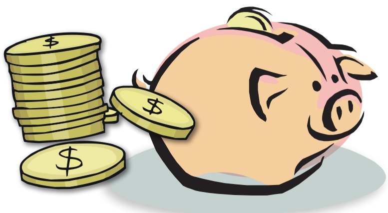
Asians and Latin Americans were more likely to say that wealth afforded them respect from friends and family. They also tended to believe that wealth made them happy and good role models for others to be successful.

Americans were most likely to say that wealth enabled them to give to charity (although most Latin Americans felt this way, too).

Europeans were least likely to say that wealth earned them respect, made them role models, or enabled them to give. They were the most likely to spend on travel and interior decorating.

Source: *The Wall Street Journal*, May 24, 2010

When You Have Too Much Cash



About half (49%) of Americans have put away enough money to cover their expenses for three months in case something happens that could disrupt their incomes.[1]

This is not only surprising, it's good news. Having enough cash to make it through an illness, injury, job loss, or other financial emergency can help you avoid taking on debt or tapping your retirement assets.

But these days, cash instruments are offering relatively low interest rates. If you have more cash in your portfolio than would be necessary to cover emergencies, it might be a good idea to be honest with yourself about your motives.

Am I working to accumulate a particular sum, or is there no end in sight? You run the risk of not reaching long-term financial goals when your portfolio is too heavily allocated to cash.

Is fear motivating me? Your risk tolerance is typically a more reliable sounding board for investment decisions than your emotions, which can be misleading. Investments seeking to achieve higher returns also involve a higher degree of risk.

What is my real rate of return? Investments that don't grow faster than inflation can slowly eat away at the purchasing power of your principal. So even though you might be searching for a safe harbor, "safety" can carry a high opportunity cost.

1) *Journal of Financial Planning,* March 2010

Career Opportunities in Financial Services

If you know someone interested in pursuing a career in the financial services profession, please contact your personal financial representative.

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