



La Rabida Legacy

—A Matter of the Heart...

The Gift Planning Newsletter of La Rabida Children's Hospital, a specialty hospital founded in 1896.

Fall 2008

Chicago's World's Columbian Exposition, the great world's fair of 1893-94, left many legacies. Fairgoers marveled at motion pictures, sampled hot dogs, rode the amazing new Ferris Wheel, and gawked at the latest in modern science and the most sophisticated in modern art. The Museum of Science and Industry is today the only building remaining. Elevated trains built to transport visitors continue to serve the city. Jackson Park itself, the fair's original grounds, still reflects the size and shape of the phenomenal White City. The fair left a legacy of another kind. On a small peninsula of land in the southeast corner of the grounds remained a replica of the monastery of La Rabida in Palos, Spain. La Rabida remained standing after most of the rest of the fair was demolished in 1894, and the Spanish consul petitioned the board to dedicate the building to use as a "free, fresh-air sanitarium for the children of the poor, living in crowded, unwholesome districts of the city."

Beyond Health, La Rabida Advocates Education

Since 1896 La Rabida Children's Hospital has improved the outcomes of children facing medical, social, and economic challenges. Today, La Rabida specializes in the treatment of chronic disease and developmental disabilities. Through our programs and services, we have seen many children's lives changed for the better. La Rabida takes a "beyond medicine" approach. Together, the health care professionals determine what each child needs today in order to maximize health and independence in the future. La Rabida addresses children's total well-being, providing services and programs to inspire them to read, learn, create, and explore. Disease management, with a large dose of inspiration, raises the possibilities for each and every child we serve.

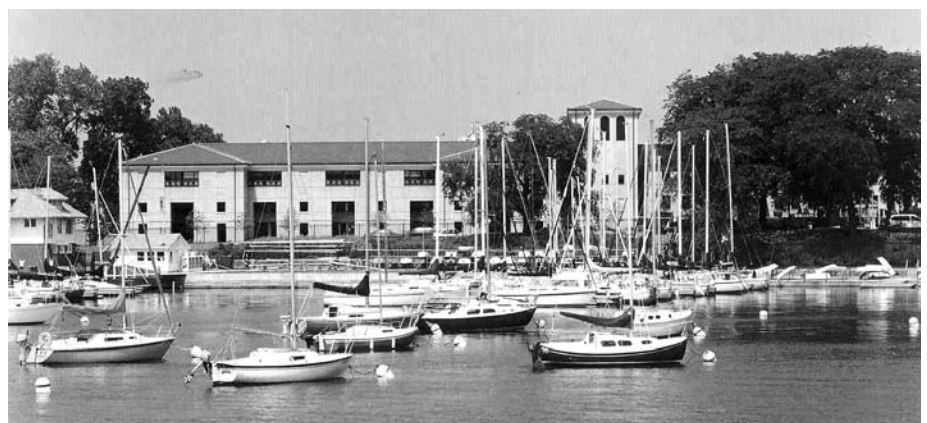
Children with lifelong medical conditions experience prolonged absences from school due to their chronic illnesses or disabilities. La Rabida's goal is to keep all hospitalized children current with their school assignments. Year-round we employ a full-time teacher to help children meet their grade level requirements.

A teacher in a hospital setting faces a much greater challenge than does his/her counterpart in a regular school. Often our children will be fearful and withdrawn. They are scheduled for medical procedures, victims of abuse, confined to a wheelchair, and possibly showing symptoms of behavioral problems or learning disabilities. It is vital that the educational structure not break down when children are hospitalized.

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LA RABIDA
CHILDREN'S HOSPITAL



Placing Trust in Your Will

Meeting Your Continuing Responsibilities

Many of our friends have discovered that they can help La Rabida Children's Hospital through their wills without jeopardizing lifetime obligations. However, family obligations sometimes extend beyond a single lifetime—continuing income may be needed after you are gone to provide for those who count on you for help. In such situations, an outright bequest to La Rabida may not best meet your needs.

Consider ensuring that your family will receive continued support as long as needed, then benefiting La Rabida when that help is no longer required with a charitable remainder trust established under your will.

TRUST BASICS

Basically, in a trust, property is transferred by its owner (the grantor) to another party (the trustee) to be held for the benefit of specified beneficiaries while the trust lasts. Commonly, the benefit is a regular stream of payments from the trust. When the trust ends, the remaining trust property usually passes to another beneficiary.

CHARITABLE REMAINDER TRUST: It May Be Right for You

The distinguishing characteristic of the charitable remainder trust is

that the amount distributed at its termination (the *remainder* in legal parlance) is paid to a charitable beneficiary. To qualify for special tax consideration, the trust must be in one of the following two forms:

The Unitrust: The primary feature of the charitable remainder unitrust is that it provides for payment to the beneficiary(ies) of an amount that may vary. The payment must equal a fixed percentage (at least 5%) of the net, fair-market value of the trust assets as valued annually. The unitrust payment must be made at least annually to the selected beneficiary(ies) for life or for a set term of not more than 20 years.

Example: A 6% unitrust valued at \$100,000 its first year will pay out \$6,000. If the trust assets are valued at \$120,000 in its second year, the payout will be \$7,200. The variable nature of the unitrust payments may provide your beneficiary with a hedge against inflation—assuming a growth in value of the trust assets comparable to the inflation rate.

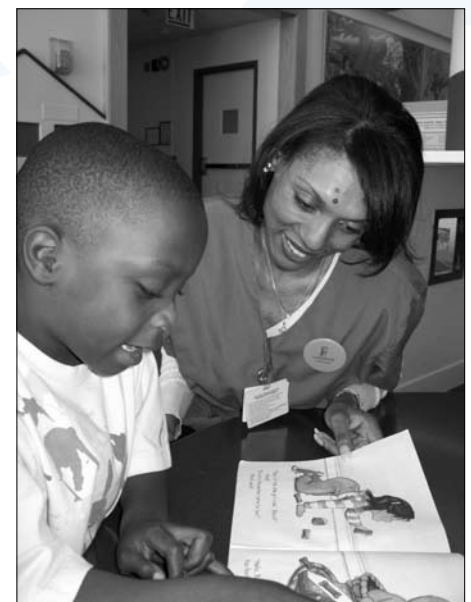
The Annuity Trust: While the unitrust provides for a payout that may vary, the annuity trust provides for a fixed payout to the beneficiary(ies). This amount, as with a unitrust, must equal a specified amount of not less than 5% of the initial, fair-market value of the gift in trust.

Example: If an annuity trust has a 6% payout and the initial, fair-market value of the trust is \$100,000, then the payment for

the first year will be \$6,000. If the value of the trust assets increases to \$120,000 in the second year, the payment will still be \$6,000. The fixed-payout feature of the annuity trust may make it particularly suitable to meet the financial circumstances of a beneficiary who needs the security of a specific annuity payment.

Establishing the trust—You need to specify in your will:

- the amount of property to be placed in the trust;
- the type of trust to be used;
- the term of the trust (a period of years or the lifetime of the beneficiary);
- the payments to be made and their frequency;
- the beneficiary of the trust; and
- the provisions for the eventual distribution of the principal.



Volunteer helps a child learn to read.



Save Taxes: Donate Marketable Securities

If you would like to make a contribution of marketable securities to La Rabida, please provide your financial institution or broker with the following:

The Routing or DTC number: CP87270TE

The Name of Stock

The Number of Shares

Your financial institution will make the transfer directly to La Rabida's account. Please let the Development Office know when you make a stock transfer. Contact Raeann Olsen-Jackson at 773-753-9607 or rjackson@larabida.org.

Charitable deduction—Your estate will be entitled to a charitable estate-tax deduction that is equal to the present value, as of the date of death, of the remainder interest that will pass to us. The amount of the charitable deduction will depend on several factors, including:

- the age(s) of the life-income beneficiary(ies) or the length of the set term;
- the value of the property going into the trust; and
- the payout rate selected.

Marital deduction—If your surviving spouse is the only noncharitable beneficiary of the trust, your estate will also be allowed a marital deduction for the value of the spouse's income interest.

Example: *Mr. M has a taxable estate valued at \$2,500,000. His will directs that \$200,000 be placed into a charitable remainder unitrust that will pay his wife 6% of the annual value of the trust. Upon Mrs. M's death, the principal of the trust will pass to us. As a result of this arrangement, Mr. M's estate will be allowed a marital estate-tax deduction for the value*

of Mrs. M's income interest and a charitable deduction for the value of the remainder interest. At Mrs. M's death, the full value of the unitrust will pass to us free of federal estate tax.

THE QTIP OPTION: When You Need More Flexibility

Perhaps you want to provide for your family's continuing needs and help La Rabida serve children with lifelong medical conditions and development disabilities and those who have been abused—but you hesitate to create either an annuity trust or a unitrust because of concern that, in unforeseen circumstances, your surviving spouse may need more spendable cash than the selected payout provides. Consider the QTIP trust.

Marital deduction—Under a QTIP trust, as long as the surviving spouse receives at least all of the income payable at least annually for life and the executor elects such treatment, the trust will qualify for the marital deduction. The trustee may also be given the power to invade the trust principal for the survivor's benefit (an option not available with either an annuity trust or a unitrust).

Charitable deduction—The language of the trust may provide that, upon the death of the surviving spouse, the trust property will pass to a named charitable organization. A QTIP trust that leaves the trust remainder to charity will not qualify for a charitable estate-tax deduction upon the death of the first spouse, but the surviving spouse's estate will receive a charitable estate-tax deduction for the amount that passes to the charitable organization at the second death.

Example: *To ensure that her husband will receive a stream of income for life, Mrs. B revises her will to add a QTIP trust for her husband's benefit. At his death, any trust principal is to go to us. The will specifies that all of Mrs. B's estate—after payment of debts, expenses, and taxes—is to be transferred to the trust. If \$500,000 goes into the trust*

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Remember La Rabida in Your Will

Your will is a written testimony of your concern for family and loved ones. It is a way to show others what you value in life, being most generous with the people and organizations that matter the most to you. There are a number of ways to include a favorite charity in your will. The following is the simplest way to provide for La Rabida:

"I give to La Rabida Children's Hospital, East 65th Street at Lake Michigan, Chicago, IL 60649, the sum of (a specified dollar amount) or (percentage) of the residue of my estate to be used at the discretion of its Board of Trustees."

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and her executor elects to qualify the trust for the marital deduction, her estate will be entitled to a marital deduction of \$500,000.

At Mr. B's death, the value of the trust property will be included in his gross estate. His estate, however, will be able to claim a charitable deduction for the value of the property because it will pass to a qualified charity under the terms of the trust.

Start with Your Will

We have discussed a number of ways that permit you to make a significant gift to charity without jeopardizing your ability to meet current and future obligations. These options all have one thing in common—you need a will to implement them.

If you die without a valid will, the state, in effect, writes a will for you. By neglecting to write a will, you forfeit the opportunity to provide for your family as you would choose and to remember cherished friends or a favorite charity.

For More Information

For more information on using trusts in your will as part of your estate and charitable planning, please send for a complimentary copy of our booklet, **Planning Your Will with Trusts**.



You should consult your attorney about the applicability to your own situation of the legal principles contained herein.

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Wish List of Educational Needs

Below are some of the ways we show our commitment to education. Please consider helping us give our children the tools and experiences they need to become self-reliant citizens and, in turn, motivate others to reach higher.

Read with a Child Fund

Read with a Child is an innovative literacy program offered at La Rabida Children's Hospital. La Rabida's literacy program has two essential components: giving new books to children in the outpatient department and reading with children in the hospital and in waiting areas. The program is volunteer-driven and reinforces the Hospital's "beyond medicine" approach and its commitment to education.

Audrey Ward Treasure Chest Fund

Play is the work of children. Through play, children organize their approach to life. In addition to providing excellent medical care, La Rabida also focuses on the social and educational needs of each child. This fund provides recreational and educational activities for patients including

special visits by musicians, ethnic storytellers, dancers, puppeteers, and more. The fund also supplies age-appropriate toys and games as well as craft supplies for creative art projects.

Grace Welsh Camp Fund

A camp experience is very special to all children because they learn new experiences in an environment that fosters independence and stresses peer relationships. For children with special needs, it is even more important to stress independence. This fund provides scholarships for La Rabida's patients who wish to attend a specially designed camp for children with like medical diagnoses and needs.

Stevie Stiffel Scholarship Fund

Recipients of a La Rabida scholarship may be enrolled in college, technical school, or professional training with a goal of successfully completing their education. The scholarship is given in the form of a grant-in-aid to those who could not otherwise afford to further their education. This fund provides financial assistance to patients and former patients who are pursuing a post-high school education.

For more information, please contact:



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