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Foundation

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"Giving" Advice

Toledo Community
Foundation

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About Your Foundation

Since 1973, the Toledo Community Foundation has provided individuals, families and businesses interested in the well-being of our community with an *efficient, effective, low-cost, professionally managed* mechanism to achieve their charitable goals.

For philanthropists wishing to maximize the impact and life of their charitable gifts, the Foundation provides *resources for thoughtful giving*. Using its expertise and personalized services, Toledo Community Foundation helps donors transform their philanthropic impulse to measurable community impact. Beyond the gifting of assets, the Foundation helps donors identify issues of importance to them and *inspires engagement* with community organizations addressing these issues, thereby maximizing the impact of charitable gifts and creating a greater sense of fulfillment.

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More Estate Tax Returns Filed By the Rich

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Dow Jones *Newswires*

The rich may or may not be getting richer, but there do seem to be more of them - at least according to recent estate tax returns.

IRS data show a surge in filings by taxpayers with estates of at least \$3.5 million during the first part of the decade. The number of returns for this group grew from 9,440 to 14,281 between 2001 and 2007.

This boomlet occurred as estate tax returns dwindled overall. The total number filed fell to 38,031 from 108,071 in the period, the IRS said in a recent quarterly statistics report. One force clearly at work here: The estate tax exemption rose steadily under the Economic Growth and Tax Relief Reconciliation Act of 2001, from \$675,000 in 2001 to \$2 million in 2007.

The IRS data showed some interesting changes in the estates of the rich between 2001 and 2007, particularly in terms of their holdings in stock and real estate. Equities were king in 2001 and 2002, accounting for 46.6% and 45.7%, respectively, of assets. They made up only 37% and 40.2% in each following year as real estate became a larger factor.

In 2001, estates of \$3.5 million or more that made filings held a combined \$13 billion in real estate, including personal residences and investment holdings. The dollar value of real estate in these estates grew, with 2007 returns reporting a value of \$31.4 billion. As a share of portfolio, real estate accounted for 14.3% in 2001, compared to 21.6% in 2007.

Because the data only run through 2007, it doesn't reflect the plunge in stocks and in real estate values that followed.

Charitable bequests fell off a little from 2001 to 2007, although the overall proportion of gross estates left to charity did not. Philanthropic organizations such as private foundations continued to be a favorite among those who did leave something to charity.

The IRS data comes as the fate of the estate tax hangs in the balance.

Under current law, the estate tax disappears for a year in 2010 and then is reinstated in 2011. A key House Democrat on Tuesday said he expects the repeal to happen as scheduled on Jan. 1, even as House and Senate negotiators tried to strike a deal on a two-month extension of the tax. As reported by Dow Jones Newswires, Rep. Earl Pomeroy (D., N.D.) said plans to include a temporary estate tax extension in end-of-year defense spending legislation have been dropped because of Senate opposition.

On Wednesday, Senate Finance Committee Chairman Max Baucus (D., Mont.) said he will try early next year to pass legislation that will be retroactive to ensure no lapse in the estate tax.

A retroactive estate tax is likely to raise some complications if lawmakers wait too long to enact it. Relatives of some people who die in a prospective estate tax free zone - after the end of the year but before a new tax is enacted - would surely not be pleased. Quite certainly, some would challenge the constitutionality of the tax, according to tax analysts.

Nonetheless, both the lower courts and the Supreme Court historically have defended retroactive taxes. The high court, in fact, has been upholding retroactive tax increases since as long ago as 1874.

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