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About Your Foundation
Since 1973, **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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Plan for the Stuffed Horse

This month, Roy Rogers Jr. parted with Trigger, the horse made famous by his singing cowboy father.

Mr. Rogers and his siblings kept the palomino, mounted and preserved, in the family museum in Branson, Mo., before its doors closed last year. The horse sold for $266,500 at Christie's in New York, one of 300-odd items, including cowboy boots, belt buckles and guitars, bequeathed to the Rogers family after their father's death.

"I grew up with a lot of these things," says Mr. Rogers, who goes by the nickname "Dusty." "My dad told us years ago, when you get to the point where it costs a lot of money, when it becomes demanding to keep things, it's OK to let them go. It's been a very difficult decision."

All told, some $41 trillion in wealth will transfer between generations over the next four decades, according to the Boston College Center on Wealth and Philanthropy. A significant portion will be in the form of art, jewelry and other heirlooms that have filled attics, safe-deposit boxes and hallways for decades—and for which economic values can be as difficult to ascertain as sentimental ones.

That can lead to major headaches when it comes to settling estates, especially this year. In most years, you simply need to determine the value of an heirloom on the owner's date of death for tax purposes. But this year, with the estate tax temporarily suspended, things are far more complex. Very wealthy families will benefit as estates pass to

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the next generation tax-free. But those that are merely affluent may get hammered.

That's because the so-called step up in cost basis—under which heirs inherit assets valued as of the date of death—has also been suspended this year. Under current law, heirs of 2010 estates who sell assets at any point in the future could owe capital-gains taxes measured from the original owner's purchase price.

Say your aunt bought a ring in 1945 for $500 that is now worth $10,000. If she died in 2009 and you, her heir, sold the ring right away for $10,000, you owed no capital-gains tax because of the step up in basis. But if your aunt dies this year and you sell the ring, you would owe tax on $9,500—unless the executor awards you part of the $1.3 million step up that all estates get.

If you plan on leaving your heirs valuables, be warned: The tax code requires that objects worth more than $3,000 must have their value confirmed by an appraiser. To prepare, valuables should be appraised at least once every five years, says Lee Munson, chief investment officer of wealth manager Portfolio LLC in Albuquerque, N.M.

Many planners recommend setting up separate funds in conjunction with heirlooms to cover things like auction costs, storage fees and commissions. The money may be kept in an irrevocable life-insurance trust so that it isn't included in the estate.

Should the estate tax return in 2011 or should Congress reinstate it retroactively for this year, you may consider donating collectibles to a museum or other charity, which would allow you to deduct a portion of their value from your estate. The more unusual the object or collection, the more research an owner should do before giving it away to ensure that it doesn't languish in a storage room—or get sold.

Another tool: an ethical will—a non-legally binding document in which you explain your desires and financial beliefs. Such documents can give you the chance to express where you would like your valuables to wind up, says Beth Gamel, a financial planner at Pillar Financial Advisers in Waltham, Mass., who just wrote her own.

If an inherited asset that has appreciated in value is sold, any profits are likely to be subject to capital-gains taxes. The rate for collectibles is 28%, nearly double the current top long-term capital-gains rate of 15%. Many rare objects will require evidence of their provenance—how they have passed through owners and auctions, and proof that taxes were paid on previous sales.

Heirs shouldn't neglect to insure the valuables after they have changed hands. You can add a rider to an existing homeowner's insurance policy to get extra coverage, or buy specialized coverage from a company focused on insuring collectibles.

Rick Kahler didn't think to insure his collection of stamps, baseball cards, coins and political memorabilia—or specify them in his will—until the appraisals turned out to be "shockingly higher" than what he expected. The

Rapid City, S.D., financial planner tallied the items, which included John F. Kennedy election bumper stickers from 1960 and a 1953 Mickey Mantle baseball card, and insured them separately from his homeowner's policy.

The insurance came in handy. Three years ago, $4,000 worth of baseball cards were stolen. The policy covered the cost, but the loss still stings, since he hopes someday to pass the rest of the card collection to his son. "At least [the thief] didn't get my Nixon bubble-gum cigars," Mr. Kahler says.

Laura Saunders contributed to this article.

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