



LEAVING A LEGACY

Building and protecting your legacy in retirement



A complimentary guide from the American Bar Endowment

INSURANCE
EXCLUSIVELY
for ABA Members

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HERE'S HOW INSURANCE PLAYS AN IMPORTANT ROLE IN YOUR LEGACY.

You have no doubt already created a legacy of knowledge, experiences, personal items and memories for members of your family. This kind of legacy is immeasurable and priceless. However, when it comes to a financial legacy, things get a little more complicated.

Creating a legacy can be a highly rewarding process. Here are just a few questions to ask yourself as you do your planning:

- How do you want to be remembered?
- How will your assets pass to your family?
- Should you make any gifts during your lifetime?



ENSURING YOUR FINANCIAL LEGACY

CONSIDER CHARITABLE GIVING

Besides planning for transferring your assets to your heirs, most people also consider allocating funds for charitable causes and organizations. Here are a few ways to facilitate this giving:

- **Charitable Remainder Trust (CRT).** A CRT can help you build a legacy and provide you with a steady stream of income for retirement funding for you or provide funds to a designated individual and also benefit a charity you care about.
- **Endowments.** Those wishing to provide perpetual support for a charitable, educational or religious organization have the option of funding an endowment to be held by the organization. An endowment is a fund held by an institution that is not wholly expendable by the institution on a current basis. For example, universities hold many endowment funds that support annual scholarship grants. You may contribute to an existing endowment, or work with an institution to create a new endowment for a program about which you are passionate.
- **Private Foundations.** Those with significant assets may wish to establish their own private foundations, which are nonprofit organizations that provide financial support for charitable, educational, religious, or other exempt purposes. Most foundations focus their efforts on grantmaking to other tax-exempt organizations that conduct charitable activities or programs. Some “operating” foundations, however, do engage in their own direct charitable activities or programs.
- **Charitable Gift Fund (CGF).** In addition to giving back to the legal profession through the unique charitable giving feature in all of the ABE-sponsored insurance plans, the American Bar Endowment makes it easy for ABA members to support the charities they care about most through the [ABE Charitable Gift Fund \(CGF\)](#). Through the CGF, you may establish a “donor advised fund,” which is a charitable fund over which you retain advisory privileges with respect to the timing, amounts, and recipients of grants.

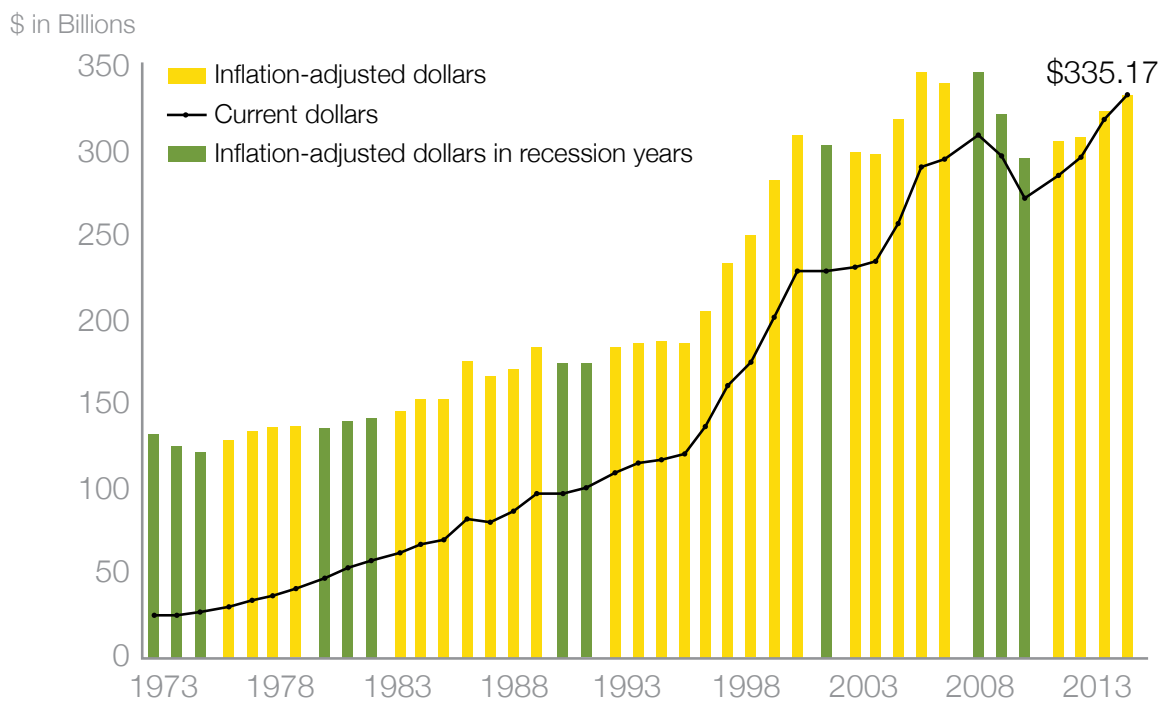
Another common way to accomplish these goals is through life insurance.

The tax effects and consequences for these options are important considerations. You should consult your financial advisor and a tax professional for information regarding these options.

SOME FACTS ABOUT CHARITABLE GIVING IN THE U.S.

- The U.S. ranks 9th in donation of money worldwide.¹
- Almost all (98.4%) high net worth households gave to charity in 2013.²
- Individual donors accounted for 74% of all U.S. giving in 2014.³
- In 2014, an estimated \$335 billion was given to charity in the U.S. by individuals, corporations, and foundations:⁴

HISTORIC ANNUAL LEVEL GIVING FOR INDIVIDUALS, CORPORATIONS AND FOUNDATIONS



Source: Giving USA

¹ Charities Aid Foundation, *World Giving Index 2014: A Global View of Giving Trends*. November, 2014.

² US Trust, *The 2014 US Trust Study of High Net Worth Philanthropy*. October, 2014.

³ Atlas of Giving, *U.S. Charitable Giving: 2014 Results and Initial 2015 Forecast*. 2015.

⁴ Giving USA, *Implications for Higher Education*. September 30, 2014.

LIFE INSURANCE CAN HELP YOU ACHIEVE YOUR GOALS

You're probably used to thinking about life insurance as a way to protect your family's lifestyle. Sometimes those in retirement believe they no longer need life insurance because of the other financial assets they've accumulated and their changing lifestyles. However, life insurance can still be a part of building, protecting and transferring those assets to beneficiaries or favorite charities:

Facilitate the transfer of your estate

The death benefit life insurance provides is not subject to the probate process if it is paid to a named beneficiary instead of your estate, so it can provide funds to your beneficiaries more privately and generally faster than other assets in your estate.

Life insurance can also help facilitate the transfer of your estate by providing your beneficiaries with access to money shortly after your passing to help them pay off:

- Final expenses. Life insurance proceeds bypass the probate process, rapidly providing much-needed cash for funeral arrangements and final medical bills.
- Debts, such as credit cards, a mortgage or an auto loan.
- Estate administration costs.
- State estate or inheritance taxes.

Equally distribute your estate among your beneficiaries

You can also use life insurance to equalize inheritances among your children. For example, if you own your firm, you may want children who are active in the business to inherit it. You can then use the life insurance death benefit to provide a comparable inheritance to those not involved in the firm. Also, in a second marriage situation, the death benefit can help provide an inheritance to children from previous marriages.

Give to a favorite charity or organization

While the life insurance death benefit can be used to provide a gift to loved ones, it can also be used to leave a one-time gift to a favorite organization or charity or to fund a trust for the foreseeable future. For a relatively small premium payment, life insurance can help you leave a sizable financial legacy to a cause that you care for deeply. You don't need to be wealthy to make a significant and meaningful gift.

Pay estate costs

Life insurance can also be used to help pay estate taxes that may be imposed by the federal government and potentially states. After the enactment of the American Taxpayer Relief Act of 2012, estate and lifetime gifts of \$5 million (indexed for inflation) for individuals and \$10 million (indexed for inflation) for married couples are generally exempt from federal taxes. This means that most estates now pass free of federal estate taxes. However, life insurance proceeds may still help pay for other liabilities such as estate or inheritance taxes in some states and income taxes imposed on withdrawals from inherited IRAs.

RETIREMENT ISN'T WHAT IT USED TO BE. AND THAT MAY AFFECT YOUR INSURANCE NEEDS.

Retirement is being redefined. Attorneys these days are instead creating a “Next Phase” of life. With longer life expectancy and modern medical treatment, options exist that didn’t previously. You can choose to continue with the legal career and personal lifestyle you’ve developed through your middle years or shift into a new experience.

According to [an Altman Weil survey](#), roughly 61% of the responding attorneys plan to continue working in some capacity after retirement. Of those who continue to work, 48% will continue to practice law and 35% will pursue another line of work. Seventy-five percent will work part-time.¹

Roughly 61% of attorneys plan to continue working in some capacity after retirement.¹

Whether you worked in a firm or as a solo, you probably didn’t close up shop one day and ride off into the retirement sunset the next. Many lawyers gradually wind down their practices—over months or years—and transition to part-time before retiring completely.

Others continue to bill some hours, mentor younger lawyers, represent the firm in the community, and continue to make a significant contribution to the firm and its bottom line.

¹ [Altman Weil, 2007 Lawyer Retirement Flash Survey.](#)

CONSIDER SUPPLEMENTING YOUR HEALTH COVERAGE

Whether you decide to continue earning some income or not, life insurance plays an important role in retirement.

Although it can be more difficult, and expensive, to get life insurance during retirement, some newer life plans can serve another important purpose: They provide benefits that you can use **while you're living**.

Should a serious illness occur, you can exhaust even the most substantial savings and medical coverage. That's why the **ABE sponsors [50+ Multi-Benefit Term Life Insurance](#) that offers "Living Benefits."** This means that the plan includes coverage for terminal illness, chronic illness or a permanent critical condition. You'll receive **cash from your life benefit as an accelerated benefit** to provide crucial financial help. See [page 13](#) for more information.

Your current health insurance plan likely provides some hospitalization benefits. However, many of your out-of-pocket expenses may not be covered: deductibles, co-payments, lodging for caregivers, transportation, and more. Today there are plans, such as the ABE-sponsored [Hospital Money Plan](#), that provide supplemental coverage for your out-of-pocket expenses if you are hospitalized, as much as **\$500 per day**.

Approximately 92% of older adults have at least one chronic disease, and 77% have at least two.¹

¹ [National Council on Aging, *Healthy Aging: Fact Sheet*. January, 2014.](#)




NEED HELP DETERMINING THE RIGHT COVERAGE FOR YOUR SITUATION?

It can be challenging for even the most knowledgeable attorneys to decide what kinds and levels of coverage they really need in retirement. ABE is here to help in two ways:

- 1). Use our [free online insurance coverage calculator](#) to determine for yourself the specific amounts and terms of ABE-sponsored coverage that might be best for your situation.
- 2.) Contact your personal ABE Insurance Plan Specialist at 800-621-8981 to learn more about ABE-sponsored options.



Find out what coverage you may be eligible to apply for at abendowment.org/calculators/assessment.asp 

HOW ABE-SPONSORED INSURANCE CAN HELP



The **American Bar Endowment (ABE)** is a not-for-profit charitable organization established by the ABA in 1942. Our sponsored insurance plans are offered exclusively to ABA members.

From term life insurance to disability income coverage to financial protection for your practice, ABE-sponsored insurance plans can be tailored to fit your specific needs.

It's insurance designed by attorneys for attorneys.



AFFORDABLE GROUP RATES

ABE-sponsored insurance plans are priced at group rates for ABA members. This enables members like you to get rates that other corporate groups are able to receive. You'll find that these rates are affordable and the coverage offers solid value.

BACKED BY A TRUSTED INSURER



New York Life Insurance Company is one of America's most respected insurance companies. Since 1845 it has been making sure customers are prepared for whatever life has in store. New York Life has received the highest possible financial strength ratings currently awarded to any life insurer from all four of the major credit rating agencies: A.M. Best (A++), Fitch Ratings (AAA), Standard & Poor's (AA+) and Moody's Investors Service (Aaa).

[Source: Third Party Rating Reports \(as of 7/1/15\).](#)

INSURANCE THAT PROTECTS YOU, AND HELPS OTHERS, AT THE SAME TIME!

ABE-sponsored insurance is different from other kinds of insurance where an agent receives a commission, or where a state or local bar receives royalties. Instead of paying commissions or royalties, these plans let participants get the full value of the insurance and premiums paid.

INSURANCE

ABA members purchase insurance through ABE.

+

DIVIDENDS

Members donate any available plan dividends back to ABE.

=

GRANTS

ABE grants help fund more than 200 legal research, public service, and educational projects.

ABE-sponsored plans are designed to produce dividends that ABA members can choose to **donate to ABE to be used to support the good works of the legal profession.** (*Dividends are not guaranteed.*) Members may also annually request that any available dividends, or a percentage of those dividends, be returned to them. If donated to ABE, contribution amounts are tax deductible under Section 170(c) of the U.S. Internal Revenue Code. ABE then uses these donated dividends to support annual grants which help fund over 200 legal research, educational and public service projects, including those conducted by two other ABA-affiliated, Section 501(c)(3) charitable and educational organizations, the Fund for Justice & Education (FJE) and the American Bar Foundation (ABF).

These sponsored insurance plans enable ABA members to not only get the quality, affordable insurance they need, but also provide a very special opportunity to support the good works of our profession at the same time.

That's insurance that makes a [difference!](#)

JUST ONE OF THE WAYS ABE MAKES A DIFFERENCE

The ABE annual grants funded primarily by ABA member-donated plan dividends provide millions of dollars a year to support over 200 legal research, educational and public service projects. This support helps provide legal aid to children, veterans, abused women and many more vulnerable populations. Here's just one example:

HELPING PROVIDE LEGAL AID TO THE MOST VULNERABLE AMERICANS

After breaking into a neighbor's home, 15-year-old Tyler found himself in juvenile court. Upon reviewing Tyler's runaway history and allegations of neglect, his lawyer knew something was wrong. After earning Tyler's trust, the attorney learned that Tyler used the money he stole to buy food for himself and was being abused by his mother's boyfriend.



Model; for illustrative purposes only.

The ABA Center on Children and the Law launched a project to help judges and lawyers respond to children who are victims of multiple traumas – polyvictimization. Youth, like Tyler, who have been exposed to more than one trauma are at greater risk of long-term mental, physical, and emotional effects than other children.

At his preliminary hearing, Tyler's attorney presented evidence of the prolonged abuse and provided context for his actions. Instead of fines or detention, the judge agreed to hold the case in abeyance while Tyler and his mother received the help they deserved.

Thanks to the generous support from the American Bar Endowment, the ABA Center on Children and the Law will train more attorneys to recognize the signs of polyvictimization and help children get the support they need to overcome their circumstances.



See more projects supported by donated dividends at
abendowment.org/givingback/dividends/



ABE-SPONSORED INSURANCE FOR YOUR NEEDS

50+ MULTI-BENEFIT TERM LIFE

Underwritten by New York Life Insurance Company

SOLID LIFE COVERAGE AND “LIVING BENEFITS” IN ONE PLAN

This plan provides a solution for those who may be at a stage of life where getting affordable life insurance is often difficult. It offers quality life insurance coverage for members age 50 and up with “living benefits” that include coverage for Terminal Illness, Chronic Illness and Permanent Critical Conditions.* Even if you already have life insurance or substantial financial resources you may want to consider supplementing your current coverage with this plan. Plus, no medical exam is required.

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS:

- ✓ Cash payment for Chronic Illness
- ✓ No medical exam required - simply answer 5 short health questions
 - Up to \$100,000 in life coverage
 - Spouse coverage available



CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?

* Any of these “Accelerated Benefits” will be deducted from your total Death Benefit, which will still be paid to your beneficiary. See [plan page](#) for full details.

50+ Multi-Benefit Term Life is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-2766-4 on Policy Form GMR-FACE/G-2766-4.

5-YEAR BANDED TERM LIFE

Underwritten by New York Life Insurance Company

FINANCIAL SECURITY AND “LIVING BENEFITS”

ABE-sponsored 5-Year Banded Term Life Insurance plan is designed to provide protection that will help safeguard both you and your family. It offers solid insurance protection and an excellent supplement to your existing life insurance. If you don't currently have life insurance, or your coverage isn't adequate for your financial obligations, now is the time to apply. This term insurance plan offers a death benefit large enough to make a real difference to your family, as well as “Living Benefits” should you experience a terminal illness. With **up to \$1,000,000** of protection*, now is the time to be sure you have the coverage you need to help secure your family's financial future.

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS:

- ✓ Up to \$1,000,000 in coverage*
- ✓ Living Benefit - 50% of benefit paid for terminal illness
 - Your original insurance amount can increase by 10% a year for up to 10 years**
 - Spouse and child coverage available
 - Non-Smoker discounts

CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?



“I was able to replace my personal life policy with ABE-sponsored term life coverage that, for the same benefit amount I was able to save over \$2,000 a year.... I wish that, 30 years ago, I had looked at an ABE-sponsored insurance plan.”

John Young, ABE-insured since 2010

* See chart on [plan page](#) for reducing amounts of insurance after age 59.

** If your total insurance does not exceed \$1,000,000, you are under age 60, not totally disabled, and you pay the additional premium contribution.

5-Year Banded Term Life is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-2766-3 on Policy Form GMR-FACE/G-2766-3.

HOSPITAL MONEY PLAN (HMP)

Underwritten by New York Life Insurance Company

“GAP” COVERAGE FOR HOSPITALIZATION EXPENSES

Your current health plan likely provides some hospitalization benefits. However, many of your out-of-pocket expenses may not be covered: deductibles, co-payments, transportation, lodging for caregivers, and more. This plan provides supplemental coverage for your out-of-pocket expenses if you are hospitalized, **as much as \$500 per day.***

BENEFITS OF PARTICULAR INTEREST TO ABA MEMBERS:

- ✓ Benefit up to \$500/day*
- ✓ Double benefits for cancer or intensive care
- ✓ Acceptance Guaranteed
 - Spouse coverage available
 - Optional \$1,000 & \$2,000 Surgical Benefits



CALCULATE YOUR RATE

APPLY ONLINE

QUESTIONS?

* Member and spouse daily benefits reduce at member age 65 from \$500/day to \$313/day; from \$450/day to \$281/day; from \$400/day to \$250/day; from \$350/day to \$219/day; from \$300/day to \$188/day; from \$250/day to \$156/day; and from \$200/day to \$125/day. *Premiums do not reduce.*

Hospital Money Plan is a group insurance plan, meaning coverage is issued to an ABA member under a Certificate of Insurance; it is not provided under an individual policy, nor is it employer/employee insurance. Underwritten by New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010 under Group Policy G-11459-0 on Policy Form GMR-FACE/G-11459-0.



DON'T PUT IT OFF. GET THE COVERAGE YOU REALLY NEED.

You've worked hard to earn your retirement and build your legacy. It should be a time of relaxation and enjoyment of this stage of life. Having the right kind of insurance coverage helps give you peace of mind so your days can be as worry-free as possible. It can help you accomplish your legacy goals, and help ensure that you and your family are properly covered for life-changing events.

Even though we've hopefully clarified some of the kinds of insurance you may really need today, it's still easy to be confused about what's appropriate for your personal situation and needs.

SEE OUR AFFORDABLE RATES

ABE is here to answer your questions. [Contact your ABE Insurance Plan Specialist](#) to get the ABE-sponsored insurance information* you need to help you make sound decisions.



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* Including plan features, costs, eligibility, renewability, limitations and exclusions, underwriting carrier information, and charitable contribution opportunity.

ABE is a tax-exempt section 501(c)(3) charitable and educational organization. All ABE-sponsored plans are group insurance plans, meaning coverage is issued to an ABA member under a Certificate of Insurance. It is not provided under an individual policy, nor is it employer/employee insurance. Plans may vary and may not be available in all states.

Bonnie Czarny (ABE), is licensed in AR (Ins. Lic. #404091) and in CA (Ins. Lic. #0H99426).