



■ ALBERT B. WOODWARD, JR., CFP®

As a Christian family, the Woodwards look forward to celebrating Christmas together each year. Exchanging gifts among family members is an integral part of our annual celebration.

The custom of giving Christmas gifts has ancient roots. Over time, the practice has evolved from small gifts and treats left in stockings to the present commercialized sensation.

Gift giving in the Woodward Family has also evolved. Our first Christmas together was in 1962. As a newly commissioned second lieutenant in the Army of the United States making \$110 a month, Marilyn and I "harvested" a local Christmas tree and exchanged home-made mukluk slippers. It was a great Christmas! Little did we know that being healthy and being together were really the "gifts" we cherished most, as the



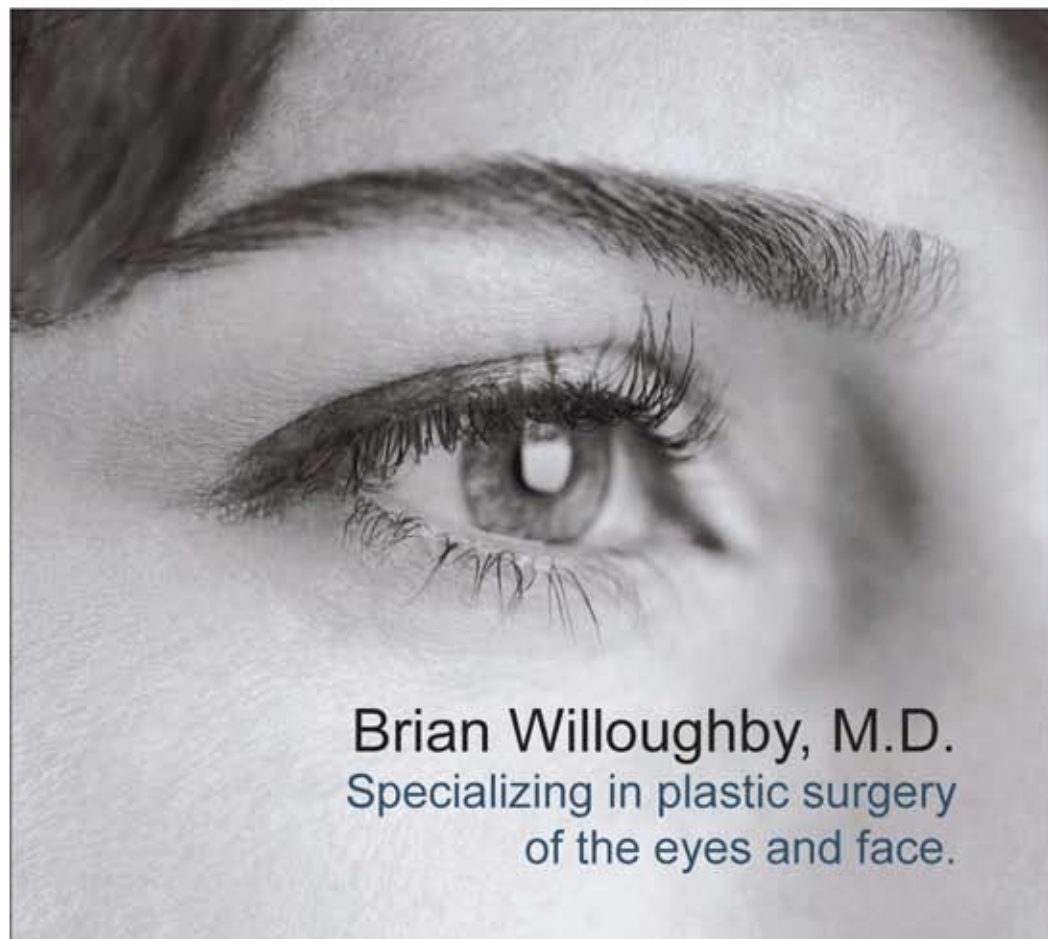
Photograph © Karen Roach | Dreamstime.com

CHRISTMAS GIVING 2008

Vietnam War had us apart many more times than we were together over what became a 20 year military career.

Like many of your families, by 2007, Christmas gift giving was out of control. With three mar-

ried children spread between Denver, Eagle, and Singapore; in-laws in Phoenix and the United Kingdom, and two grandchildren (now three grandchildren with the May 2008 birth of Maya in Singapore) - Christmas gift giving had become a costly, logistical nightmare.



Brian Willoughby, M.D.
Specializing in plastic surgery
of the eyes and face.

- Fat Transfer
- Face and Neck Lifts
- Eyelid Surgery
- Laser Resurfacing
- Juvederm
- Botox
- Restylane
- Perlane
- Neck Liposuction
- Reconstructive Surgery

Please visit us at our new location:

255 Detroit Street
Denver, CO 80206

303.320.5700

EyesAndFace.com

In the fall of 2008, a survey of the Woodward family found that all of us, in one way or another, have been affected by the global economic crisis. We have all cut back on our discretionary spending. While we are all looking forward to being together for the celebration of Christmas, none of us are in the mood for the lavish, multiple gift exchanges of the past. Enter Secret Santa.

Secret Santa is a well known Christmas occurrence found in many a home and according to Wikipedia, is mostly a Western holiday tradition. All the adult family member names go into Grandma's spaghetti pot. Each person draws the name of a lucky gift recipient. May the gift giving begin! (Secretly!) Of course, since the grandchildren – a boy age seven, and two young ladies ages three and eight months – may not fully understand the rationale behind our Secret Santa decision, we all agreed that we will support the magic of Santa Claus for the grandchildren. The stockings will be full, and each grandchild will receive gifts from an entire family filled with love and the spirit of the holidays.

Whether you celebrate your holidays in the name of Hanukkah, Christmas, Kwanzaa or any other celebration of giving and family - you may wish to think of more pragmatic ways of extending your gifts to your family. A few ideas could include: cash gifts, or gifts of financial

assets, property, and/or life insurance to children and grandchildren. Here is some information on some of the options available.

OUTRIGHT GIFTS. You may make an outright gift to any person. The 2008 gift limit, the amount you can give without triggering a reporting requirement or gift tax consequences, is \$12,000 per person. You may gift anything of value, including cash. You can gift life insurance. A "gift" is a "gift." A gift is not "income" to the recipient, nor is a gift to a person "deductible" to the donor. If you give away financial assets or property, and the recipient sells the asset, the value of the asset for capital gain (loss) reporting will be what the donor originally paid for the asset.

LARGER GIFTS. In addition to an annual \$12,000 tax-free gift to as many persons as you would like, each American can also give away up to \$1 million during their lifetime to another person or persons without paying gift tax. The larger gift tax exclusion is applied to total gifts made to any number of persons. The gifts may be anything of value, including cash, financial assets, property and/or life insurance. Larger gifts require careful planning because using the gift tax exclusion during your lifetime impacts the future amount of your federal estate tax exclusion.

HEALTHCARE AND POST-SECONDARY EDUCATION GIFTS TO CHILDREN AND GRANDCHILDREN. If you choose

to pay for healthcare (not health insurance), or college tuition for your children or grandchildren, and your payments are made directly to the hospital, healthcare provider, college or university - these gifts do not count against your \$12,000 annual gift limit or the \$1 million lifetime gift exclusion.

The 2008 gift limit, the amount you can give without triggering a reporting requirement or gift tax consequences, is \$12,000 per person.

SETUP A COLLEGE 529 PLAN. 529 plans allow you to set aside and invest money for the future college education of your children or grandchildren. Every state offers at least one 529 plan. You may invest in any state's plan. Typically you would be the owner of the plan. You can contribute up to \$12,000 per account each year - \$24,000 per year if you are married. Or you can superfund

CHRISTMAS GIVING ON PAGE 15 >

BEST & ONLY \$5 LUNCH IN CHERRY CREEK NORTH



\$4.95

**HAMBURGER
WITH SOFT DRINK & FRIES**

1/3 lb. Burger. Cheese choices:
American, Swiss, Cheddar, or Jack

HOT DOG A Quarter Pound Hebrew National Hot Dog. Chili Cheese or Sauerkraut. \$4.95

FRIED CHICKEN SALAD Mixed Greens, Tomato, Cheddar Cheese, served with your choice of dressing. \$5.95

SPAGHETTI Topped with Meat Sauce and served with Garlic Toast. \$5.95

STEAK SALAD Grilled Steak on Mixed Greens, Tomatoes, Black Olives, and Cheese with Choice of Dressing. \$5.95

Rodney's
2819 East Second Ave. • (303) 394-3939



the account with up to five years of contributions - \$60,000 - or \$120,000 if you are married. The contributions, which must be cash, are "irrevocable gifts." If you sell U.S. Savings Bonds to fund a 529 plan, the bond interest you receive will not be taxed. Cash contributed to a 529 Plan is removed from your taxable estate. Some states allow a full or partial deduction of your 529 Plan contributions against state income tax. If your plan beneficiary uses the funds to pay for qualifying college expenses, the investment earnings on the money is free of income tax.

ESTABLISH A CUSTODIAL ACCOUNT FOR A MINOR. The Uniform Transfer to Minors Act (UTMA) has replaced the Uniform Gifts to Minors Act (UGMA) in most states. UTMA expands the types of property you can transfer to a custodial account for a minor, and provides you can make other types of transfers besides gifts. Normally, when you establish a UTMA account for a minor, you will be the Custodian. The Custodian controls the assets in the account until the account becomes the property of the child. An irrevocable gift is made when you transfer assets into a UTMA account. Income and capital gain (loss) generated in the account belongs to the child. The account terminates when the child reaches a specified age - normally age 18 (but check the laws of your state). The child may use UTMA assets for any purpose.

ESTABLISH A COVERDALE EDUCATION ACCOUNT (CEA). A Coverdale Education Account (formally known as an Educational IRA) is a tax-advantaged investment account designed to cover future education expenses of your children or grandchildren (the beneficiary). CEAs are much the same as 529 plans - money is allowed to grow tax deferred and be withdrawn tax-free for qualified education expenses (which include primary and secondary school, not just college and university). The current CEA contribution limit is up to \$2,000 per year per child. Assets in a CEA must be distributed by the time the beneficiary is 30 years old, or gifted to another family member below the age of 30. CEA contributions are an irrevocable gift. The income level of a donor may affect contributions into a CEA.

MAKE YOUR GRANDCHILDREN THE BENEFICIARIES OF YOUR RETIREMENT PLAN. Leave primary assets to your children, e.g. your residence, savings bonds, personally owned investments, life insurance proceeds, etc. Then, using the simplest of all generation skipping techniques, make your grandchildren, by name, the beneficiaries of your retirement plan. If your grandchildren are minors, your children will most likely serve as custodians for your grandchildren until they reach the age of majority - 18 in most states. Coach your children and grandchildren on IRA stretch provisions that will let your grandchildren receive an annual, increas-

ing annuity payment from your retirement plan for the remainder of their lifetimes.

UPDATE YOUR ESTATE PLAN TO FAVOR GRANDCHILDREN. Most estate plans distribute assets to our children, either outright or in trust when we move on to our just reward. Using trusts, and other sophisticated estate planning techniques, an estate planner can show you how to benefit your children, while simultaneously making specific bequests to your grandchildren. In most cases, with careful planning, bequests to grandchildren can be made without triggering the generation skipping tax. If you are concerned about your children or grandchildren becoming trust fund babies, or if you only want to benefit your children and grandchildren if they are productive members of society, communicate these thoughts to your estate planner.

Our professional family at Woodward Wealth Management and the entire Woodward family wish you and yours a Merry Christmas.

Al Woodward is a CERTIFIED FINANCIAL PLANNER® professional and Chairman of the Board of Woodward Wealth Management, Inc., a Registered Investment Advisor specializing in fee-based investment, retirement, estate and asset protection planning. Trustee and trust services are offered by Woodward subsidiaries. (303) 355-0556. info@woodwardwealth.com. www.woodwardwealth.com.

TESTED. TRUSTED.

PEACE OF MIND IN YOUR TRUNK

**BATTERY HEAD-QUARTERS
FOR ALL THE TOYS!**

**4-Pack of AAA
BATTERIES**

\$.99

Interstate Battery System of Denver
6201 E. 49th Ave. • Commerce City, CO 80022

The Rescue RP900 Booster/
Jump Starter Pack

Regularly \$109.95

**On Sale NOW for
\$84.95**

Call 303.287.4054 for details.



The Rescue RP900 Booster/Jump Starter Pack is the perfect jumper for use with power sports, recreational vehicles, boats and automotive applications! The RP900 is packed with a 17 Ah battery providing plenty of power to get your vehicle started.

Auto & Light Truck

Lawn & Garden

Heavy Truck

Agriculture

Mobility

Optima

Golf Car

Industrial

Marine/RV

Powersports



Interstate Battery System of Denver
6201 E. 49th Avenue
Commerce City, CO 80022

303.287.4054