



# Your Family Matters™

Helping You Protect Your Family.....Today and Tomorrow

May 2007, Volume 2, Issue 6

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## What's Inside

**Donate IRA Monies to Charity**

**Choosing a Guardian, Pg. 2**

**Are you stressed?, Pg. 2**

**All in the Earnhardt Family, Pg. 3**

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## Donate IRA Monies to Charity

If you're feeling benevolent, 2007 is a good year to express your charitable nature. The Pension Protection Act of 2006, signed into law last August 17, created a compelling opportunity for charitable giving.

### QUALIFIED CHARITABLE DISTRIBUTIONS

If you've reached the age of 70-1/2, you need to take required minimum distributions (RMD) from your IRA. In 2007, you can donate up to \$100,000 from your IRA directly to your favorite charity if it's done as a Qualified Charitable Distribution (QCD). This offers significant benefits to high net worth individuals.

First, the amount that you donate doesn't need to be reported as income, even though it's part of your RMD. As a result, it will have no effect on the taxability of your Social Security benefits. It also will have no bearing on your itemized deductions, or the alternative minimum tax.

Second, this particular charitable donation is not subject to the normal limitations as other donations are. (That limit is 50 percent of your adjusted gross income.)

### FOLLOW THE RULES

There are three important rules that you must follow if you're considering a QCD:

(1) Only public charities qualify for this donation. No donor-advised funds or private foundations qualify. In addition, Charitable Lead Trusts, Charitable Remainder Trusts, Charitable Gift

Annuities, or Pooled Income Funds are not eligible for QCDs.

(2) The donation must be made directly from your IRA account to the charity.

(3) Donors aren't allowed to take a tax deduction for this contribution.

### UNDERSTANDING THE PROCESS

If this type of charitable giving interests you, contact the custodian of your IRA account and let them know that you want a distribution made to the charity of your choice. Have them send you or your financial advisor any required paperwork, as each custodian's will be different. You'll need to indicate on the forms that the payee is someone other than yourself, and you'll also have to provide their name and address.

Don't forget to alert the charity that your gift is on its way. Make sure that you receive a letter that confirms the amount of your gift, as well as the date and amount. It should also include specific language indicating that it came directly from your IRA.

It's always a good feeling to give generously to charity. If a QCD is appealing, act now. Unless Congress extends the provision, it will no longer be available after this year. ■

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# Estate Planning: Choosing a Guardian

guardian, parents are often frozen from making any decisions.

This can be disastrous if something happens to you or your spouse, because there's nothing in place designating a successor to raise the kids. Until you find the person who's just right, it's important to just name someone! You can always change a guardianship nomination later. If you designate someone now, however, you won't be stuck with an evil family member later.

## PLAN FOR INCAPACITY

You also need to be concerned about how you name a guardian. Normally, this is done in a will. But what if you become disabled? What if both you and your spouse are out driving, there's a terrible automobile accident, one of you is killed, and the other becomes incapacitated? A designation of a guardian in a will would have no legal effect. It's better to have a separate guardianship nomination for appointment of a guardian in case of disability or death.

## MANAGING MONEY

You may find that you love the child-raising style of a sibling or a family friend, but you may be horrified by his

money management skills. After all, no one is perfect in every way. In this situation, it's fine to have one guardian for your child's upbringing, and another to manage her estate. The same person who's raising your child doesn't necessarily have to manage her money.

## PREPARE AND EDUCATE YOUR GUARDIAN

Before naming anybody as a guardian, ask his permission. One of the last things you'd want is for a child to arrive on your guardian's doorstep without prior warning that he's the designated caregiver.

Once a guardian is chosen, he should be educated about your personal preferences. Discuss parenting philosophy, religious training, and disciplinary preferences. You should also share with him your hopes, fears, dreams, and aspirations for your children.

Still not sure where to begin? Here's one last tip. Think about what you'd like to know if you were to become the guardian of someone else's kids. Then write them down. You owe it to the potential guardians of your children. This ensures that they'll have some clue about what you want if you're not able to raise the kids yourself. ■

Estate planning is on the top of everyone's "to do" list once they become a parent. Therefore, it's ironic that becoming a parent may serve to prevent a person from doing necessary estate planning. The birth of a child creates a huge sense of responsibility. And choosing a guardian for your children is one of the most important decisions you'll need to make. Since there's no such thing as a perfect

## Are you stressed?

According to Merriam-Webster's Dictionary, stress is "a state of mental or emotional strain or tension resulting from adverse or very demanding circumstances."

In small doses, stress can motivate you to excel. But in large doses, it can lead to a variety of illnesses, including heart disease and infection. The best way to avoid stress is to avoid things that cause it.

- Women spend just under an hour each day searching for things that they've misplaced.<sup>1</sup>
- Women who work full-time and have children under the age of 13 report the highest degree of stress worldwide.<sup>2</sup>

- 23 percent of adults say they pay bills late because they lose them.<sup>3</sup> Many of these late payments cause penalties, which cause even more stress.
- Between 1969 and 1987, American workers added 163 hours (one whole month) to their working year.<sup>4</sup>
- Stress management programs are expected to grow 22 percent annually.<sup>5</sup>

1. *Real Simple Magazine*; 2. *stressdirections.com*  
3. *Harris Interactive*; 4. *Harvard Economist*; 5. *Research Alert*





# FAMILY BUSINESS ALERT: All in the Earnhardt Family

**B**ack in the days of *All in the Family*, Archie Bunker continuously struggled with his daughter, Gloria, and her husband, whom the hostile patriarch dubbed “Meathead,” for control of the family. Power plays aren’t limited to the Bunkers of Astoria. In fact, a very different type of struggle is currently heating up between the Chief Executive Officer and President of Dale Earnhardt, Inc., Teresa Earnhardt, and her stepson, Dale Earnhardt, Jr.

## HUMBLE BEGINNINGS

In 1983, Earnhardt Senior and his wife, Teresa, founded Dale Earnhardt, Inc. (“DEI”) in their garage. Success came quickly, as Senior and his team won 21 auto races, and had more than 140 top-10 finishes. The savvy pair quickly became leaders in merchandising and sponsorship sales. In 1994, Junior joined the company, and in 1998 recorded the first win of his accomplished career.

At the time of Senior’s tragic death in February 2001, he had won more than \$41 million through racing, and built his company into a multi-million dollar business and souvenir empire, including a charitable foundation that actively donates to education, children, and environmental and wildlife preservation causes. That same month, *Forbes* magazine named him one of the “top-earning dead celebrities.”

The power struggle heated up in December 2006, when Teresa, speaking on-the-record in the *Wall Street Journal*, raised a yellow flag and questioned

Junior’s commitment to winning. Junior’s anger at her comment raised questions about his own future with the company—his contract expires at the end of this year.

Now, the racing scion’s racing son has demanded majority control of the company, a desire that may result in driving his winning business to a different team if step mom won’t relinquish a piece of the purse.

## PROBLEMS WITH FAMILY-RUN BUSINESSES

Professional mediators say that most controversies in family businesses occur as a result of misunderstandings. The Earnhardts clearly need to establish open and cooperative communications, especially since Junior has said that historically, his relationship with Teresa “ain’t been a bed of roses.”

But the ultimate question is, what did Senior have in mind when he founded the company? Did he have a vision of creating a company that his children would someday control? Was that vision forgotten once his wife inherited the business? Did he lose sight of the financial finish line as he took the sharp turns of his fast life and career?

## PROPER ESTATE PLANNING

Earnhardt Senior’s life was cut short before his business vision could be fully articulated. Don’t make the same mistakes. Craft your own desires regarding your legacy before it’s too late to be heard. ■

# Memorial Day: Honoring our Soldiers

When we think of Memorial Day, we think of a time to fire up the barbecue or escape from the daily grind for a three-day weekend. Regrettably, we may be forgetting the true meaning of the holiday—remembering veterans who have died in service to their country.

How did this tradition begin? It's traced back to women's groups in the South, who were decorating graves before the end of the Civil War. But the "official" story has its roots in Waterloo, New York.

In 1865, Henry C. Welles suggested honoring soldiers who died in the Civil War by placing flowers on their graves. The following year, along with General John B. Murray, an intensely patriotic Civil War hero,

he gathered support in Waterloo for this idea. On May 5, 1966, the first parade, led by General Murray, marched to the village's three cemeteries and decorated veterans' graves. The following year, they repeated the process. A tradition had begun.

In 1868, General John Logan, the national commander of the Grand

Army of the Republic, officially proclaimed May 30th as Memorial Day. Flowers were placed at Arlington National Cemetery in honor of both Confederate and Union soldiers. By 1890, all northern states observed this tradition, while southerners honored their dead on separate days. After World War I, the north and south theoretically reunited again, and agreed that Memorial Day would honor all soldiers from all wars who died in service to our country.

This Memorial Day, while you're relaxing and getting reacquainted with the lazy hazy days of summer, take a moment to remember the veterans who have died in service to our country. ■



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For more information about Wills, Trusts and estate planning for Arizona residents, visit the online Arizona estate planning library on the internet at [www.keytlaw.com/ep](http://www.keytlaw.com/ep). Some of the articles about Arizona estate planning on Richard Keyt's website are:

**ARIZONA ESTATE PLANNING FREQUENTLY ASKED QUESTIONS -- [www.keytlaw.com/ep/epfaq.htm](http://www.keytlaw.com/ep/epfaq.htm)**

**GUIDE TO WILLS & TRUSTS -- [www.keytlaw.com/ep](http://www.keytlaw.com/ep)**

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#### BIOGRAPHICAL INFORMATION

Arizona estate planning attorney Richard Keyt prepares Wills, Trusts and simple and complex estate plans for Arizona residents on a fixed fee basis. Rick, a former partner in one of the largest law firms in Arizona, has practiced law in Arizona since 1980.

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