



Winter, 2011-2012

PLANS THAT WORK. PEOPLE WHO CARE™

Our hearts and prayers go out to those who have lost a loved one this year. We have lost some very special clients, and they will truly be missed. We know there is nothing to say to take away the sadness that is experienced when someone is 'missing' at the Christmas get-togethers. However, we want you to know that we're thinking of you and we regularly pray together as a team that God will comfort you. A thought to consider: *When someone you love becomes a Memory...the Memory becomes a Treasure.*



GLANCING BACK

Made Simple Series™ Our totally new-and-improved Family Education Program™ called the **Made Simple Series™**

finished out its second year. Many clients and family helpers attended these in June, September and November, and we now have *two of those programs* available to your family to watch online!

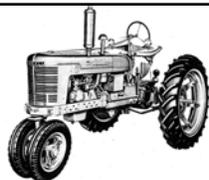
Attorney Samuel Collins has established himself firmly and demonstrated his expertise in the area of 'settlement.' He now ably leads that department of the firm. Gayla and Sam have been very busy helping families through the technical and time-consuming legal maze that accompanies the already stressful time when a loved one passes.

#1 LifeSpan Firm™ We now have the largest number of LifeSpan™ clients of any firm in the country. Thank you for making us Number One! We continue to collaborate with the other LifeSpan™ firms to improve on our client care, and to assure continued, efficient delivery of a long list of services designed to make your plan work!

Estate tax roller-coaster! With the 'temporary' (2011 & 2012) increase of the federal estate *and gift* tax exemption to \$5,000,000, followed by an enactment of a hefty Illinois estate tax on anything over \$2,000,000, new planning needs developed and opportunities were created for many families. While the federal estate tax exemption remains scheduled to drop back to \$1,000,000 in 2013, the Illinois legislature got serious about an increase of the state exemption to \$4,000,000. (*more inside...*)

I believe that people don't care how much you know until they know how much you care."

Richard H. Ferguson
1936-2008



Renewing Commitments: TO DO LIST

We appreciate the confidence you place in us by allowing us to serve you for another year. To assure uninterrupted and efficient services, please refer to your yellow LifeSpan™ Renewal form that is enclosed with this mailing, and do the following...note the dates and deadlines:

1. Select the best date and location for you to attend an **Annual Family Reunion™** (AFR), mark the **enclosed yellow renewal form**, and **return it immediately with your annual membership fee** (also note the date on your own calendar and keep it clear of conflicts). Pay by December 31 if you want the tax deduction; if received after January 16, 2012, it's late (and after January 31 add a late fee of \$25).
2. Start working on updating the enclosed **Asset Review Report™** and return it to us by January 31, 2012. Add new assets; delete any you no longer have; update the dollar values; and send new **Red Check Review™** (verification) paperwork for new assets you add to the report (see **lime-green instruction sheet**). You'll recall that the **Annual Family Reunion™** is a foundation of our updating process. We will provide a brief update on estate planning law, update the contents of your **LifeSpan Client Organizer™**, give practical suggestions for using your plan as you should to accomplish your goals and preview the calendar of the 'optional' events: **Family Education Programs™**, **Technical Training Programs™**, **Bridge-Builder™** and **Community Builder™** events.

A quote to remember at your Christmas gatherings...
"Without the distraction of computers, televisions, phones and cars the most extraordinary thing happened, we grew to know one another." Kelly Monroe Kallberg *Finding God Beyond Harvard*



“This load is for my church...”

Many of our farm clients like to make some of their gifts to charity, especially their local church, in the form of grain instead of cash.

There are some really good reasons to make charitable contributions of farm products instead of cash. There is some paperwork involved, but the benefits are probably worth the effort. However, if you are making such gifts *without the proper paperwork*, you are inviting trouble in your next tax audit!

By giving the grain it is as though you get to take a tax deduction for the production expenses, too. You will be taking those expenses off on Schedule F (assuming you're an operating farmer) and you don't have to report income from the grain you give. Therefore it has the benefit of reducing your income tax, social security of self-employment tax liability and your state income taxes.

But you can't just write a check, and you can't just tell the elevator to write the check to the church!

In order to be IRS compliant, you have to give up control of the grain. This requires a very specific paper trail. If audited, you don't want the IRS to be able to say you had constructive receipt of that grain sale: that is, that you had the grain, you sold the grain, and then you simply directed your check to be made payable to the church instead of to you.

So here is what you should do. Before selling, you need to send or deliver a letter to the church saying, “I'm giving you X bushels of corn and here is where it is located on my farm. Please send me a letter and tell me where and when you want that marketed, and I will deliver it for you.” Now the church has control of that grain and documentation to show it is no longer yours.



The church should respond in writing with directions on when and where to sell its grain. Then, when you are delivering the church's grain, you have the documentation to prove it isn't yours, and that the elevator must pay the church for its grain.

The IRS wants proof that you had given up control of the grain, and had no right to decide whether payment for this load went to you or to the church.

You are delivering the church's grain per its instructions. Do it right, and you'll have no regrets!

“When life gives you a hundred reasons to cry, show life you have a thousand reasons to smile”.

Education Update

Merry Christmas to everyone!! With Christmas fast approaching, my family is keeping busy with holiday parties, concerts, baking, shopping, and the list goes on. We love this special time of year as we celebrate the birth of Jesus Christ.

As Education Coordinator, it is my pleasure to work with our LifeSpan™ clients and their helpers to become educated about our process, and to be better prepared for disability and/or death.



RESERVATIONS: However, this year we had a few issues when clients or their helpers attended a workshop without making a reservation. Due to limited seating and personalized materials, it can prove awkward for everyone if you show up without making a reservation. So I just need to remind everyone *it is imperative to have a reservation to attend any of our workshops throughout the year*. Our desire is to accommodate as many of our clients and their helpers as possible.

CONFIRMATION: Another quick reminder, anytime you make a reservation for a workshop, I will send you a confirmation that includes pertinent detailed information such as time, location, etc. Read it and save it! You may find this hard to believe, but some clients are actually guilty of not reading correspondence I send. ☺

CLIENT UPDATE PROGRAM™: A note for all married couples about the **Client Update Program™**. One husband attended the CUP this year without his wife. Following up, we sent him a packet of documents to sign for her plan as well as instructions for everything *she* needed to sign in *his* red Estate Planning Portfolio. Shortly thereafter, he called and said we should “shoot him” if he ever comes to a CUP without his wife again! He was overwhelmed, but also said he was *very grateful* for all the hard work we put into the CUPs as well as all we *(cont'd)*

“Being unable to cure death, wretchedness, and ignorance men have decided, in order to be happy, not to think about such things.” - Blaise Pascal



organized and sent to them for her to sign. He emphatically assured us that *he realizes the value of both husband and wife coming* to a CUP!

MADE SIMPLE SERIES™ I would like to take this opportunity to review with you those events within the **Family Education Program™**, our **Made Simple Series™**. As you may recall in 2010 we redesigned the series to focus on five particular areas:

▪ **Estate Planning Made Simple™** is an introduction to estate planning, offered monthly for both prospective clients (people considering starting to do planning) and families of existing clients (who want—ought—to be introduced to the thinking that went into the parents’ plan). Refer to the **INTRODUCTORY WORKSHOPS** on our website.

▪ **Disability Transitions Made Simple™** (coming for the first time in 2012) addresses the “when, who & what” issues for that time when a LifeSpan™ client, as a result of illness, age or other cause, becomes unable to effectively manage his or her own affairs.

▪ **My Spouse’s Estate Made Simple™** (offered on 6/8/11 in Salem, now available to watch on our website) helps prepare a married couple and those who will be assisting them for the settlement of the estate and trust of the one who dies first. We cover transitions that occur and decisions that must be made. While nothing can fully prepare you for the loss of your spouse, forewarned is forearmed and we are certain this preparation will help you through that extremely difficult time.

▪ **Receiving My Inheritance Made Simple™** (you might guess from the name, our most popular program was offered previously 6/9/10 in Salem, 9/9/10 in Terre Haute, 9/8/11 in Bloomington, and 11/26/11 in Salem; **a recorded version now available to watch on our website**) helps the beneficiaries and successor trustees (who will be “in charge”) understand how protective (‘school bus’) trusts are established when the parent passes on. Assets must be handled correctly, bills paid, the IRS satisfied. Decisions must be made, and everyone

NOTE: When your family participates in our education, it helps assure that they get the benefit of the lowest available settlement fees. If they watch the **Receiving My Inheritance Made Simple™** on our website, remind them to print and fill out the “quiz” that goes along with it, and fax or email it in...for full education credit!

treated fairly so that happy family reunions can still occur!

▪ **Receiving Wisdom Made Simple™** (offered 11/27/10 in Salem) is for families who are very healthy and successful, as well as for those who could use some help in communicating between generations. Wisdom and wealth are not just “delivered” at death, from a trust! The smooth transition from one generation to another is a process that involves active interaction and discussion in families while the eldest generation is still with us. This program is designed specifically to *re-invigorate that ongoing conversation!* It could be considered part of the “Bridge Builder Series.”

Believe it or not—and I can’t believe this sounds like I am complaining!—there are a few of our clients who have been successful at getting their family to attend more than one program in the **Made Simple Series™**. When you are registering (for yourself or any of your kids) please make sure that it is one you either have not attended yet, or it is one that you want to repeat! We welcome repeat attendance, of course. But we don’t want anyone to make an effort to attend and then be disappointed to learn that it is something they attended recently.

Gayla

Settlement Time: Trust in Action

As my first year comes to a close as the trust settlement attorney at The Estate Planning Center, I have found myself continually reflecting on the trust settlement process. In keeping with the season, I think of trust settlements as snowflakes—there really are no two alike. Settlement is unique in that every plan is tailored to that family, no two clients have the same type of assets, estate sizes vary, and there are quite different levels of family harmony. While they all have certain fundamental things in common (obtaining the inventory of date of death values, asset re-titling at the appropriate time, and allocation to sub-trusts), each one will also pose unique challenges, whether it be assisting families (and beneficiaries) to better understand the process, or dealing with financial institutions whose responses



A man is never so on trial as in the moment of excessive good fortune.

Lew Wallace, *Ben Hur*



are, incomplete, or worse yet, non-existent, or worst of all, contrary! At the time of this writing, I am literally dealing with an account in one settlement (now nearly a year-and-a-half old) where I am convinced that when I write the IRA custodian, the company does not even bother to review the file. I don't take it personally—I understand these companies are busy too.

While trust settlement can be a frustrating process, it helps to remember that it is just that: *a process*. We want to ensure that your plan is being carried out correctly. That's why we take the lead in trust settlement. But still, in order for the process to work as it should, an understanding Successor Trustee is important. Here are a few thoughts on the characteristics I believe your Successor Trustees should possess in order to make trust settlement go as smoothly as possible:

1. They have been to our Family Education Programs™ on trustee training. It is very important that they understand the type of issues involved in a trust settlement, such as the importance of a complete trust inventory, and at least a rudimentary understanding of any tax and asset protection characteristics of the trust plan they will be settling. Of course, we will be there to counsel them through it, but it is helpful at the outset if they have had some exposure to your plan and what you are trying to accomplish.

2. The ideal Successor Trustee also has a good relationship with the trust beneficiaries. Hopefully, when the time comes, the trustee *and the trust beneficiaries* have taken advantage of the **Receiving My Inheritance Made Simple™** workshop. (It's online, too, so there are *no more excuses* for your Trustees not getting this important education! See the **red box on page 3**.) If the beneficiaries have attended, they have some idea of how much work and time is involved in the settlement process, but it also helps if the Successor Trustees and other beneficiaries communicate well, and that the beneficiaries trust the trustee.

3. It should go without saying that the Successor Trustees should also trust us. On average, most people will only settle one estate in a lifetime...a job that *by definition* you get with no prior experience! So, for example, when we give advice that now is probably not the time to process IRA paperwork to

preserve disclaimer options, it is **critical** that the trustees heed that advice! This usually is not an overt problem. But sometimes Successor Trustees are inadvertently acting against our advice. By way of example, early on, we counsel trustees to stifle the need to "go direct." Sometimes a well-meaning, "helpful" financial advisor may approach the trustee with the claim paperwork already completed—"just sign here," they say; "It'll be real easy." Maybe so! But run it past us first. The ideal Successor Trustee signs and submits nothing without running it past the settlement attorney. Remember, it doesn't cost anything more to run it past us...but it may cost a whole lot if you fail to and something is wrong!

4. As part of our Settlement Productivity Plan™ we have regularly scheduled phone calls with the trustees to check in the progress both sides are making. The ideal Successor Trustee is committed to being on those regularly scheduled calls, and ensuring that administration continues to move forward.

Settlement is a long process. It can—and does—take many months, with many decisions to be made along the way. The office of Successor Trustee is not an easy one, but if your trustee adheres to most of what is in this article, it will go much more smoothly and your family will realize the full benefits of the wealth and wisdom you built into the plan!

Sam

Settlement Coordination

For all of you that I have worked with, or if you are in the process of settling the estate of your loved one, my hope is that we are able to make this transition as smooth as possible.

Since Sam joined The Estate Planning Center in January, we have been working to effectively refine our settlement process. It is such an overwhelming and difficult time when a loved one passes. I truly believe taking advantage of our education programs is key to be better prepared. Time and time again, I see that our process works much more efficiently when families have done this.

Please do not hesitate to call or email me, if I can ever be of assistance or answer any questions.

A special note to those of you who lost a loved one this year, I hope the holidays will not be an especially sad time for you, but a time to recall special memories made with your loved one.

Gayla



Give the Gift of Self

"Silver and gold are not gifts, but only excuses for gifts. The only true gifts are gifts of self." Anon.

In this season of gift-giving, it's easy to get sucked into a frenzy of gift-buying. The urgency of checking off our list can seduce us into focusing on gifts that come from a store and can be tied up with a bow.

Surely they'll be appreciated when opened, but just as surely they'll soon lose their luster, luster and be forgotten. The truth is, most of what we purchase in our gift-giving frenzies are things the recipients don't really need. A comment by Dallin Oakes, my university president in my undergraduate days, explains why these gifts ultimately leave both giver and receiver feeling empty:

"You can never get enough of what you don't need, because what you don't need won't satisfy you."

What they do need—and what we all need—more of is a little more old-fashioned human kindness.

I'd like to suggest that in lieu of (or perhaps in addition to) those store-bought gifts, we consider giving gifts that are a little piece of ourselves. But what to give? I believe if we pause and take time to ask ourselves one simple question, we'll know what to give.

"What can I do to demonstrate my love, esteem, respect, or appreciation for this person?"

Note that the question invites us to "do" and to "demonstrate." Loving, esteeming, respecting, and appreciating all call for expression and action.

Here is a short list to get you started. I'm sure your list will be much longer and more specific than this one.

- Listen.
- Listen generously
- Listen generously to their stories.
- Ask how they're feeling.
- Ask how they're really feeling, and pay close attention to their answer.
- Share.
- Share what's in your heart.
- Share the stories in your heart.
- Express appreciation.
- Express appreciation that is specific, sincere, and succinct.



- Express appreciation that is specific, sincere, and succinct in a written note.
- Seek to understand.
- Seek to understand, then to be understood.
- Forgive.
- Ask for their forgiveness.
- Call.
- Call just to say hello.
- Call just to say hello and forget about the time.
- Bake their favorite cookies.
- Bake their favorite cookies and then eat them together.
- Share some photographs together.
- Hug.
- Hug long and hard.
- Hug long and hard, look them in the eyes, and say "I love you."
- Hug long and hard, look them in the eyes, say "I love you, and here's why . . ."

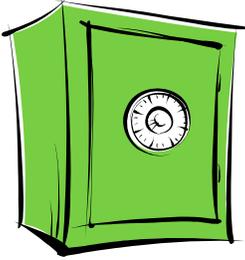
By now, you get the picture. Merry Christmas and Happy New Year.

Scott Farnsworth, President of Sunbridge
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The Manager's Musings

It's been such a joy this year to welcome you new clients to our LifeSpan™ Family. I'm so excited each time we add a new client family to our LifeSpan™ Family. We feel like you are a part of us as we work each day to serve you and your family to assure that you are comfortable with the planning you are doing and to assure that your plan is set up and maintained correctly.

As part of the way that we serve you and help your plan be the best it can be with extras, your Docubank® membership comes to mind. You all have your Docubank® card in your own wallet—right?! I cannot express how handy your membership is when you are under a doctor's care. And need I remind you that it's included in your annual LifeSpan™ maintenance fee (**no additional** charge to you!). This is just one of the many ways we try to . . . help make your estate planning experience easier. If you ever have any questions about your Docubank® membership feel free to call me. Be sure to respond to any correspondence you receive directly from Docubank® as they strive to keep their records updated. You may also recall that starting this past



year you now have available for use at no additional charge a **Docubank SAFE®** into which you can scan and ‘upload’ documents for ‘SAFE-keeping.’ If you don’t have the tools to do it yourself, or if you just want to delegate that task to us, we will upload all of your estate planning documents *for you* for a small additional annual fee. You may recall this as something we discussed at the 2011 AFRs, but if you’d like additional information, please contact me!

We offer nonstop funding (having your assets titled and beneficiaries aligned correctly) support: Sherry, our Funding Coordinator, is only a phone call or email away with any funding questions you may have. We want your plan to WORK and one of the essential components of that is to have your plan funded correctly. So, please do not hesitate to contact Sherry with any funding questions.

Gayla, our Education Coordinator, is constantly busy planning Family Education Programs™ or events for you and your helpers to attend. We want to encourage greater attendance in 2012 than we’ve ever had. Our programs keep evolving—and getting better, I might add—to really prepare your helpers (usually your children) for what will happen upon your disability or death. Please take advantage of these programs we offer! We’ll be rolling out the dates at our spring Annual Family Reunions™ (AFR) so don’t miss out! Make your AFR reservations ASAP! AFRs are filled on a first-come-first-served basis, and, to keep things fair for all we don’t take these reservations by phone; you must **return your yellow form** to us.

During the hustle and bustle of everyday life, be sure to remember your estate plan and the keys to making it WORK: keeping it up-to-date, keeping it fully funded, and preparing your helpers. We’re just a phone call or email away, so be sure to take advantage of the services you have paid for!

Sarah

Funding is Fundamental!

As **Funding Coordinator** (*affectionately* known as the ‘Professional Nag’) my job is to help you *get* your assets in your trusts correctly and help you *keep* them that way. The new privacy laws are making my job harder and harder. I used to be able to send financial representatives or firms a Letter of Direction, then call them at a later date and see if our client’s assets were changed as requested, and they would send me written verification. It was great! This year when I’ve called financial firms, their reply is usually that they could not give me any information and I would have to call the clients to get that information. These are your friendly, *local* representatives (not someone located in New York). Sorry for the inconveniences but I am totally dependent upon you on getting most verifications from companies. We just have to work together to do what it takes...or your plan simply won’t work!

Yes, it is time again to update your values on your **Asset Review Reports** and if you have any assets not verified on your reports (if checked in the left column, they are verified; no checkmark means it is not verified!) I need paperwork for Curt to review on those assets. If you send me back an updated report I will make changes accordingly and if you attend an **Annual Family Reunion** you will receive an updated report. Don’t forget we are keeping a report card on how many of our clients are fully funded (all assets in trust correctly). Let’s bring up our grade this year!

Please remember when you acquire a new asset to always refer to your **LifeSpan Client Organizer™** (black book) Tab 4 for Letters of Direction and keep sending in your new assets through the year as you acquire them. ☺Please don’t store up paperwork on new documents to dump on me at year end! As always if you have any questions, please give me a call I’ll be happy to help you!

May you have a Blessed Christmas and a Prosperous New Year!

Sherry

“I’ve always thought New Year’s Day was an especially American tradition, full of the optimism and hope we’re famous for in our daily lives -- an energy and confidence we call the American spirit. Perhaps because we know we control our own destiny, we believe deep down inside that working together we can make each new year better than the old. ... Let us renew our faith that as free men and women we still have the power to better our lives, and let us resolve to face the challenges of the new year holding that conviction firmly in our hearts. That, after all, is our greatest strength and our greatest gift as Americans.” Ronald Reagan



Maybe conservative legislators were thinking...

“When you get into a tight place and everything goes against you, till it seems as though you could not hang on a minute longer, never give up then, for that is just the place and time that the tide will turn.”

Harriet Beecher Stowe



Springfield’s Early Christmas Present

This week the State of Illinois was forced to come to grips with the fact that humans are rational creatures. The real and present threat of Sears and the Chicago Mercantile Exchange (CME) leaving the state in order to avoid the taxes imposed on them by Illinois shook Springfield politicians out of their stupor for long enough to give many Illinoisians an early Christmas gift in the form of a tax cut.

I am going on record here and now to admit that I am shocked—truly shocked—at this development, but I am delighted that it has occurred! I truly believed that the \$2,000,000 estate tax exemption that was set in 2009, temporarily disappeared for 2010, and then was promptly re-enacted in January of 2011, was a permanent planning hurdle for our clients.

So what happened is that the ‘Chicago wing’ of the legislature desperately wanted to give Sears and the CME a tax cut in order to save jobs in their districts and keep at least some of the tax revenue of those two institutions rolling in. Better to *reduce* the CME and Sears tax revenue than simply *lose it* entirely—a concept that deserves enactment in about a zillion other areas of federal, state and local tax policy.

But the downstate legislators—God truly bless them!—said, “we won’t give you the votes to do that unless you include some estate tax relief.” A package deal was assembled, and on Monday of this week the House voted it through by a wide margin, and on Tuesday the Senate followed suit. As of printing this newsletter I am not certain the Governor has signed it, but he promised to do so (and would be committing political suicide if he didn’t).

So the most obvious impact on our clients is the increase of the amount you can pass free of Illinois estate tax. It was \$2,000,000 per client (i.e., with our ‘Coupon Trust’ planning in place, a couple could transfer \$4,000,000) and has now been raised to \$3,500,000 per person dying in 2012, and \$4,000,000 per person dying in 2013 and thereafter.

For an individual with an estate of \$4,000,000, under the former law your heirs would pay tax of about \$254,000. Under the new \$4,000,000 exemption, the tax will be zero.

Many of our Clients with estates of between \$2,000,000 and \$5,000,000 (or double that for a couple) were pondering what they could do to avoid the tax (like the \$254,000 illustrated above) on the difference between those two numbers, since Illinois taxed everything over \$2,000,000 but the Feds only tax the estate over \$5,000,000. Some *are even in the midst of ‘Advanced Planning’ steps* to eliminate the tax. So, what are the practical implications?

If the sole purpose of Advanced Planning was this Illinois tax, the need is reduced for some, eliminated for others. But, Advanced Planning usually serves other purposes, which may provide sufficient reason to proceed on the same or an altered course:

1. What will the federal tax exemption be when you die? Unless a new law is passed, starting in 2013 the death tax exemption goes back to \$1,000,000 per person. Advanced Planning is a way of ‘locking in your winnings’ by using the current law (\$5M exemption) to move assets where the future death tax exemption won’t matter.
2. Liability protection is greatly enhanced by Advanced Planning. When you create an irrevocable trust, give the assets to that trust to remove them from your taxable estate (reason #1 above) you also gain very significant ‘school bus trust’ protections for the farm, business, savings, etc., that you transferred.
3. Uncertainty about future death tax laws. When passing this sort of tax exemption is based on

“There’s always somebody who is paid too much, and taxed too little - and it’s always somebody else.” Cullen Hightower

such political expediency and ‘horse trading’ of votes, what keeps them from changing it again next year? Advanced Planning can lock in some or all of the current tax benefits.

Regardless, this rather sudden tax law change again highlights ***the importance of a systematic updating and maintenance program.*** As the details of this bill become clear, the implications will be addressed in our LifeSpan™ Clients’ legal documents in a timely way. [*Learn more at the Annual Family Reunion™!*]

Federal tax exemption to change? “Virtually everything is under federal control nowadays except the federal budget.” Herman E. Talmadge



Conditional and Unconditional Gifts

Much of what we do in estate planning involves the transfer of something of value from one generation to another: some form of giving, either while living or upon death. Particularly in the area of gifts given while the giver is living, it seems that there is a big difference between **conditional gifts** and **unconditional gifts**.

Some of you will protest: “*all gifts should be unconditional!*” But that is not reality. We all make some gifts with conditions. Even you who are protesting! You could say that they are not really true ‘gifts’ when conditions are attached; but in a legal sense, since there is nothing of monetary value to be paid back, these conditional gifts *are* gifts.

Unconditional gifts are common. This would include Christmas or birthday gifts, such as gifts of cash where you say (or the unspoken expectation is), “*Enjoy yourself, do whatever you want with it!*”

What do we mean by conditional gifts? You make a gift with some sort of expectation in mind. It could be that you expect them to be nicer to you in the future. Perhaps you hope they will visit you more often, or pay more attention to you, or call you more often. How do we know if you are making such a gift? Because you tell! Maybe you bring it up when you are with close friends: “*After all I’ve done for him, and I never even get a phone call!*” Maybe you toss it in your daughter’s face: “*You’d think I would get a little appreciation after the help I’ve given you!*” Perhaps you are more subtle. You don’t say a word, but inside you are seething with thoughts you won’t say out loud (it probably shows in your demeanor, though).

In each instance, you’ve made conditional gifts.

There is another, more obvious sort of conditional gift. Your son comes to you in desperation: “*Dad, I am about to lose my car because thus and so went wrong, and I really could use some money to help with two months’ payments and some help on my rent.*” You consider the situation, and believe he is learning a lesson, so you write him a check for a given sum, more than he asked for, and say something like, “*just apply the extra to your credit card balance. And you don’t need to pay it back.*” If

you find out later that he did not use all the money wisely, or that he promptly and unnecessarily runs his credit card right back up, you might justifiably feel like he failed to do what you expected.

Finally, here is the most explicit conditional gift. You give your daughter some money, and tell her clearly: “*If you cut up your credit cards and don’t get any more for a year, then I will pay off your car loan for you.*” There is no lack of clarity there, and in twelve months you had better honor your word!

What are the conditions you have in mind when you make a gift? If you let your college graduate son move back in with you—an informal but valuable ‘gift’—what are your conditions? Does he pay something, take out garbage, help with chores, eat with the rest of the family, look for work twelve hours a day? Author Jon Gallo suggests that many people seem to think their conditional gift gives them the “*right of perpetual commentary*” on the life of the person to whom they made the gift. (Ouch!)

Here are some principles to consider as you think about

the kind of gifts you give:

- If the gift is unconditional, then let it be! Don’t hold it over your child’s head, and don’t harbor resentment in your heart.
- If you have conditions in mind, it is simply unconscionable not to make them absolutely clear to your child in advance. This means all of the conditions. Everything you are thinking of or ever hope to hold them to.
- Once your conditions are clearly and fully communicated, give the child the freedom to refuse the gift if they are not willing to accept the conditions!

Am I opposed to conditional gifts? Absolutely not! I believe they can be a valid test of the relationship, a legitimate inquiry into the preparedness of the child to receive greater gifts like the inheritance, and a tool for continued financial training. But undisclosed ‘strings attached’ can undermine all such purposes.

Enough. It’s Christmas. Let’s each make sure we accept **The Greatest Gift** ever offered to anyone.

**“What you leave in
your children is more
important than what
you leave for them.”
Jon & Eileen Gallo**

Curt

