All the good that we do,
all the promises we keep,
all the gifts that we give,
are woven together to become
our legacy.

Mary Jane and Louis Zako, MD
Legacy Society Donors
The Michigan State Medical Society Foundation, the physicians’ own charity, was founded in 1945 as a charitable outlet for doctors wanting to express their compassion and caring beyond the medical office.

The MSMS Foundation, a 501(c)3 public charity, is supported by physicians and their families through annual contributions, participation in events like the annual Golf and Tennis Classic, and through bequests and other planned gifts.

Twice each year, the MSMS Foundation Board of Trustees makes financial grants to community-based health programs to further research, education and outreach. Current emphases include healthy lifestyle education, youth programs and end-of-life care.

All the good that we do...

The MSMS Foundation’s goal is to support a diverse group of organizations each year. For example, some recently funded projects will:

- Educate the Hispanic community in Southwest Detroit about diseases that can lead to organ failure, and raise awareness of organ, tissue and bone marrow donation and transplantation.

- Strive to help alleviate the concerns of women battling cancer by creating an emergency fund for patients, and a scholarship fund for children whose mothers have been treated for breast cancer.

- Create a safe route for children to walk to school, which will, in turn, increase the number of children who regularly participate in that physical activity.

- Inspire and educate elementary school children about career opportunities in medicine and other areas in the health care field.

The MSMS Foundation also sponsors more than 150 education conferences annually for physicians, medical office staff and health care leaders. Each year we also celebrate and recognize volunteerism among physicians and their families. In addition, the MSMS Foundation operates a loan fund for impaired physicians for their rehabilitation.

All the promises that we keep...

Above all else, the MSMS Foundation supports initiatives to improve health in Michigan, and to inspire others to do the same. To achieve that goal, the MSMS Foundation works hard to remain a trusted vehicle for physicians and their families to create a lasting health care legacy.
Your name, and those of your honored loved ones, will stand for generations as a symbol of generosity and purpose through a gift to the Michigan State Medical Society Foundation. You may designate your gift for a particular effort, such as community health projects, end of life care issues, or support of medical education, for example. Your gift may be made in your name or that of another person you wish to honor. And you may give anonymously, if you prefer. But you can be assured your gift will be a living legacy to improving health care for Michigan citizens for years to come.

Your gift to the Michigan State Medical Society Foundation qualifies for the highest possible deduction for charitable contributions under federal law. A donation to the Foundation can, therefore, help you to minimize your income tax burden while you support worthwhile health projects throughout Michigan.

Following is a brief summary of giving opportunities.

**Gifts of Cash:**

Most gifts to the Foundation are made by check. If you itemize, such outright cash gifts generally are deductible up to fifty (50%) percent of your adjusted gross income. Example: If your adjusted gross income is $60,000, up to $30,000 of your charitable gift is deductible in the year of your gift. Any excess may be deducted over as many as five following tax years.

**Retirement Plans:**

You can name the MSMS Foundation as a beneficiary of your retirement plan, IRA, Keogh plan, 401(k), 403(b) or other qualified pension plan. You may name the Foundation as beneficiary for part or all of what remains in your retirement account. The proceeds of these plans are distributed outside of probate and are entirely free from federal estate tax. Due to highly complicated tax rules, it is usually better to specify a percentage rather than a specific dollar amount.

**Special Opportunity for 2006/2007:**

A special gift opportunity is available for 2006/2007 only. If you are 70 ½ or older, you can gift up to $100,000 directly from your IRA to a public charity (such as MSMS Foundation). This gift is not taxable income to you, and you cannot deduct it as a charitable gift, but it does count as part (or all) of your post-70 ½ required minimum distribution. It needs to come directly from the IRA custodian to the charity. It applies to both regular IRAs and Roth IRAs, but is available only to people aged 70 ½ or older.

"We can be assured as physicians that our support will be administered by people of similar values, and at low and appropriate overhead. My wife Suzie and I are pleased to be associated with such a responsible cause for our profession and for our community."

JOHN M. MACKEIGAN, MD
LEGACY SOCIETY DONOR
Bequests:

One of the simplest ways to make a gift to the MSMS Foundation is through your will. You can name the Foundation direct beneficiary of specific assets, a portion of your estate, or of your residual estate after payment of other bequests. Bequests to the Foundation are free from federal estate tax and can offer substantial estate tax savings. There is no limit on the amount you can leave to the Foundation or to other charitable organizations through your will.

Life Income Gifts:

This type of gift allows you to increase your income, receive a charitable contribution deduction, avoid capital gains tax and support the MSMS Foundation. Among those options are charitable remainder trusts and charitable remainder unitrusts.

Gifts of Real Estate:

A residence, vacation home, farm or vacant lot may have so appreciated in value through the years that its sale would mean a sizeable capital gains tax. By giving this property instead to the MSMS Foundation, you would avoid the capital gains tax and receive a charitable deduction for the full fair market value of the property. An independent, qualified appraisal of your property is required by the IRS if you wish to claim a deduction. You also may give your property to the Foundation now, while retaining the right to use it for your lifetime. You would receive an income tax deduction once your property is deeded to the Foundation. This option is called a retained life estate.

Gifts of Life Insurance or Stock:

One way to make a gift to the Michigan State Medical Society Foundation is with a gift of life insurance. The Foundation accepts gifts of life insurance either as the beneficiary of a policy or as the sole owner and sole beneficiary. You may designate the Foundation as beneficiary, you may donate your paid-up life insurance policy to the Foundation, or you may assign a new or non-paid-up policy to the Foundation, naming it as both owner and beneficiary.

A gift of stock that you have owned for a number of years can be particularly tax-wise. If you sell stock you have held for more than one year and that has increased in value, you will owe a capital gains tax on its increase. If, however, you give the stock to the Foundation, you avoid tax on this gain. In addition, your charitable contribution deduction is equal to the full fair market value of the stock. This amount generally is deductible up to 30 percent of your adjusted gross income. Example: If you purchased stock several years ago for $2,000 and it is now worth $20,000, an outright gift to the Foundation would result in a charitable deduction of $20,000. In addition, there would be no capital gains tax due on the $18,000 appreciation in value. If your adjusted gross income is $60,000, up to $18,000 of your charitable stock gift is deductible in the year of your gift. Any excess may generally be deducted over as many as five following tax years.

How to Make Your Gift:

There are many types of charitable gifts with substantial tax advantages. The Foundation staff is pleased to provide you with additional information and assistance. The material in this prospectus is brief and general in nature; you should consult your own professional tax advisors and legal counsel to learn how this information relates to your individual circumstances.

Legal Designation of the MSMS Foundation:

The Foundation should be named as the “Michigan State Medical Society Foundation, a nonprofit corporation organized and existing under the laws of Michigan, and with current business address of 120 West Saginaw Street, East Lansing, Michigan 48823.”
HOW THE REVISED TAX LAWS AFFECT CHARITABLE GIFT PLANNING

You may think the Economic Growth & Tax Relief Reconciliation Act of 2001 has thrown a wrench in your gift planning. But it hasn’t really. Despite all the new tax breaks, planned gifts still offer you opportunities and benefits that can’t be found by other means.

Capital Gains Tax:

The Jobs and Growth Tax Relief Reconciliation Act of 2003 reduced the rate on long term capital gains to fifteen (15%) percent. Capital gains on your home have a special rule.

A special exclusion gain on the sale of your principal residence can result in even greater savings. Before, you could only get this tax break once in a lifetime after age 55 for $125,000 of gain. But now, up to $250,000 of gain ($500,000 for joint filers) can be excluded no matter what your age, provided only that the home was your primary residence for two of the previous five years.

While these tax breaks can generate significant savings, remember that you pay no federal capital gains tax on charitable gifts of long-term appreciated property. That includes securities like stocks, bonds, and mutual funds, plus any type of real estate (not just a principal residence). So with a gift to the MSMS Foundation, your capital gains tax rate drops to zero percent!

Estate Tax:

Under the new law, the amount that is exempt from estate tax will increase from the current $675,000 amount (2001) to $1,000,000 (2002 and 2003); then to $1,500,000 (2004 and 2005); then to $2,000,000 (2006, 2007, and 2008); then to $3,500,000 (2009) and finally in 2010 estate taxes are scheduled to be repealed. However, the estate tax reappears in 2011 with a $1,000,000 exemption level. Most tax professionals discount the repeal and reinstatement at the $1,000,000 exemption level, and believe that Congress will instead keep the estate tax and freeze the exemption level at either the $1,500,000 level, $2,000,000 level, or $3,500,000 level, depending upon future economic circumstances.

What you must remember, however, is that the value of your assets is constantly growing due to inflation. If your estate is taxable today, without proper planning, it may still be taxable in 2010, even with the increased exemption amount. Charitable giving plans can reduce the amount of a taxable estate so that your money goes to the people and causes you choose, and not to the government in taxes.

“PHYSICIANS CAN OFFER SUPPORT TO THE FOUNDATION’S GOOD WORK THROUGH PLANNED GIVING, ALLOWING THEIR COMMITMENT TO SERVE AS A LEGACY TO THEIR BELIEFS, AND THEY ALSO CAN BE ACTIVE SUPPORTERS.”

M. GARY ROBERTSON, MD
LEGACY SOCIETY DONOR
IRA Rules:

Now more people can deduct contributions to an IRA because Congress raised the income thresholds. But even better news is the repeal of the excise taxes on both excess distributions (withdrawals of over $160,000 per year) and excess accumulations (based on a hypothetical life annuity) from the 1997 Tax Act.

Now that the excess distributions tax no longer exists, many people are beginning to draw out their assets (paying only income tax) and making a gift to charitable organizations during life. And even though the excess accumulations tax is gone, estate taxes and “income in respect of a decedent” can still eat up most of the remainder of a retirement plan unless the recipient is a charitable organization like the MSMS Foundation.

New distribution rules for IRAs and Pension Plans allow for greater flexibility of naming a charity as a partial beneficiary of your IRA or Retirement plan. The Pension Protection Act of 2006 provides an exclusion from gross income for taxable years 2006 and 2007 for otherwise taxable IRA distributions from a traditional or a Roth IRA in the case of qualified charitable distributions for up to $100,000. They also allow you to preserve the right of the other beneficiaries to draw out the remainder of the assets over a long time period. In short, the new distributions rules are much more flexible than the old rules that they have replaced.

“We believe that giving to others is the greatest satisfaction in life. It defines who we are, and is a source of joy to our family.”

APPARAO MUKKAMALA, MD
AND SUMATHI MUKKAMALA, MD
LEGACY SOCIETY DONORS
The Legacy Society of the MSMS Foundation

The Legacy Society is comprised of donors who have made planned gifts or other financial commitments of $10,000 or more to the MSMS Foundation. The names of Legacy Society donors will be engraved on a bronze wall plaque, to be permanently installed in the MSMS headquarters building in East Lansing.

Physicians and their families are encouraged to learn about the many options and opportunities available for making a gift to the MSMS Foundation. We can help you sort through the new tax laws as they affect your particular financial circumstances and charitable interests germane to Michigan State Medical Society Foundation. One thing definitely hasn’t changed—your opportunity to enhance the future of MSMS Foundation, by remembering it in your estate plans. Call the MSMS Foundation at 517-336-7603 or contact MSMS Foundation Director Sheri Greenhoe at sgreenhoe@msms.org.
Your planned gift to the MSMS Foundation will be a living Legacy, fostering education and programs to improve the health of Michigan citizens.