



Gus Waterman Herrman Presidential Chair Inaugurated

Gus Waterman Herrman was born in 1920 to Morris and Jessie Waterman Herrman. Gus and his brother Cecil grew up in Lexington, Mississippi, a town of 2,500 people, with only 50 to 60 Jews. Their congregation could not afford a rabbi and depended on Hebrew Union College-Jewish Institute of Religion to send student rabbis to serve as the community's spiritual leaders. One such student, Rabbi James Wax, became the Herrman brothers' good friend. Rabbi Wax's impact on their lives as Reform Jews led the brothers to ultimately bequeath their worldly resources to the College-Institute.

Gus Waterman Herrman was a member of Congregation Beth Israel, Houston, Texas and Temple Sinai, New Orleans, Louisiana. He was a philanthropist and a decorated World War II veteran. He served as a tank commander in the United



Gus Waterman Herrman

States Army under General George Patton, was in the Normandy invasion, and received both the Purple Heart and the Bronze Star medals of honor. He died on December 13, 2001 in Houston, Texas.

Today, classes and religious services take place in the Cecil Herrman Learning Center on the Cincinnati campus. And now, Gus Herrman is memorialized through the Gus Waterman Herrman Presidential Chair. The

Gus Waterman Herrman Presidential Chair has been established by the largest bequest in the history of the College-Institute. Rabbi David Ellenson is the first HUC-JIR President to hold the newly established chair, which was introduced as part of the Presidential Inauguration celebration. Gus Waterman Herrman's memory and legacy of Jewish commitment will be perpetuated through this historic gift to the College-Institute.

HUC-JIR students serve more than 100 small congregations that otherwise would not have spiritual leaders. We know we provide an important service to these communities, and yet we are continuously amazed and moved by the impact our students have on the individuals with whom they work. The Herrman brothers have inspired us as much as we have inspired them.

An Idea That Never Gets Old

Not only was Benjamin Franklin one of the Founding Fathers of our country, he was among the first in a long line of Americans who created legacies that would live for future generations. Franklin left a total of £2,000 sterling in trust for the town of Boston and the city of Philadelphia for various purposes, noting that he wished “to be useful even after my death.”

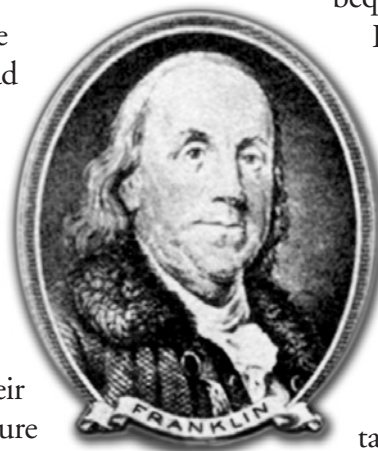
When Franklin signed his will in 1788, there was no income tax or estate tax. His bequest was not drafted in an effort to reduce or eliminate tax. It was an obligation Franklin felt, in return for the benefits he had received from his friends in these towns. More than 200 years later, that feeling remains as the reason many friends of Hebrew Union College-Jewish Institute of Religion leave bequests.

Franklin’s will, which can be viewed at <http://sln.fi.edu/franklin/family/lastwill.html>, outlined in detail the way in which he wished his generosity to be used, including the building of bridges, pavements “or whatever may make living in the town more convenient to its people, and render it more agreeable to strangers resorting thither for health

or a temporary residence.” Franklin recognized that much of his good fortune was the result of the opportunities he had in early America. Similarly, many of the friends who include HUC-JIR in their estate plans today recognize the value of our endeavors. Their aim is to enable future generations to benefit, as well.

Hebrew Union College-Jewish Institute of Religion would be happy to work with you and your adviser to create a lasting legacy. We can show you ways to provide support

for family members and our programs through your bequests. Like Franklin, you can earmark your bequest for a particular program or field of interest that’s important to you. We can also explain the tax advantages available for your thoughtful gifts to HUC-JIR – a benefit Franklin never needed. Please contact Erica Frederick, Vice President for Development, at (800) 424-1336, ext. 212 or at efrederick@huc.edu.



Documents to Consider

Estate planning may involve more than just having a will drafted. You may want or need:

- ❖ A living trust to avoid probate and pass assets more efficiently at death.
- ❖ A living will that states your preference regarding life-sustaining medical treatment.
- ❖ A health care power of attorney naming a friend or family member to make medical decisions if you are unable.

Once these documents are prepared, revisit them regularly to make sure they still reflect your intentions.



Make the New Year Bright

Planning in early 2003 can yield good tax results by year's end. Consider some of these ideas:

- Make tax-free gifts of up to \$11,000 to children or grandchildren and reduce your gross estate. Any income earned on the gifts this year will be removed from your 2003 gross income. Married couples can give up to \$22,000 annually.

- Review your portfolio to see that it is still in balance. Recent stock market gyrations may have left you too heavily invested in certain areas at the expense of others.

- Check your insurance coverage to make sure you're not over- or under-insured, especially in light of rising home values. It may be time for your insurance agent to review all your coverage, including the need for long-term care or disability policies. If you're self-employed and pay for your own health insurance, the premiums are 100% deductible in 2003. You may wish to choose a lower deductible, to reduce out-of-pocket expenses.

- Fully fund your IRA. Taxpayers with earned income can contribute up to \$3,000 in 2003, with an additional

\$500 catch-up contribution for those age 50 and older. Contributing to the IRA early in the year gives the funds longer to grow tax deferred.

- Ask your tax adviser about changing your withholding or estimated income tax payments, especially if you expect a large refund on your 2002 taxes. Don't give the IRS an interest-free loan.

- Make an appointment

with your attorney to review your estate plan. Your will or living trust may need to be amended if there have been changes in your family or financial circumstances. If your estate will be subject to estate tax (generally only those estates in excess of \$1 million through 2003), we would be happy to discuss ideas for reducing or eliminating taxes while providing thoughtful assistance to our programs.

Think Twice Before Raising the 401(k) Piggy Bank

The fact that your employer's 401(k) program allows plan loans doesn't mean that's the best source of borrowed funds. Consider some of the drawbacks:

- Most plans limit the amount you can borrow (up to 50% of your vested account balance) and require the loan be repaid within five years. Some plans do not permit loans.

- If you leave your job, the loan will be due immediately. If not repaid, the loan amount will be considered a withdrawal. You'll owe ordinary income tax on the amount of the loan, and if you're under age 59 1/2, you may be subject to an early withdrawal penalty (10%).

- Although you may be able to borrow "from yourself" at a favorable interest rate, those funds are no longer growing tax deferred. You'll have to repay the loan with after-tax dollars.

- If you borrow instead from a home equity line of credit, your interest payments may be income tax deductible.



Is This the Season for Retirement Accounts?

When should you start taking distributions from your IRAs and other retirement plans? It depends on your other sources of income, savings, family circumstances, health and a variety of factors that differ from person to person. In general, there's a penalty for taking IRA withdrawals before age 59½ or failing to take them after age 70½, but as with every generality, there are exceptions. Here are a few rules to consider:

Distributions before age 59½

✳ You can avoid the penalty on premature distributions by taking substantially equal distributions based on life expectancy. The withdrawals must continue for the longer

of five years or until you reach age 59½. Once started, however, if the withdrawals don't continue, you could owe a 10% penalty on all prior distributions. Penalty-free withdrawals may also be made for disability, higher education expenses and first-time home purchases (up to \$10,000).

✳ Tax laws permit you to take early distributions from one IRA while allowing others to grow tax deferred.

Distributions after age 59½

✳ You can begin taking distributions without penalty, although you'll generally be taxed at ordinary income rates. If you don't need the funds, you can allow them to continue growing tax deferred.

✳ Depending on your income tax bracket, you might want to take withdrawals and invest the funds in growth stock or mutual funds. All future growth will be subject to tax at more favorable capital gains tax rates (maximum 20%), rather than at ordinary income rates.

Distributions after age 70½

✳ Mandatory distributions start on April 1 of the year after the year you turn age 70½. The penalty for failing to take the required distribution is a tax of 50% of the amount you should have taken.

✳ Even if you're still working, you can no longer contribute to a traditional IRA, but you can establish or add to a Roth IRA, subject to overall earnings limits.

✳ A non-owner employee can postpone withdrawals from a 401(k) plan if still working.

Rules governing retirement plan withdrawals can be complex. Consult with your financial adviser regarding the income and estate tax considerations.

Techniques for Saving Income Taxes

Hebrew Union College-Jewish Institute of Religion has a new booklet – *Minimizing Your Income Taxes* – that discusses various tax-saving techniques. It is available without cost and it could help you save thousands of tax dollars every year. Send for your complimentary copy today.