



From the Desk of

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During this season of graduations – of ending and of new beginnings - we see some goals come to completion and plans taking place to fulfill the next stage in our lives. Whatever season you are transitioning into, let us help you plan your moves and remove the fear of change. Sometime it takes looking at a life transition from a different perspective or gaining extra knowledge to make our wishes become reality.



In this issue of our newsletter, we will look briefly at the basics of estate planning from the perspective of giving. Then in an article *Placing Your Trust in Trusts*, we will share a few of the many interesting tools that are designed to fulfill your wishes. Also included is a brief article about stepping out and about giving back in our communities. Lastly enjoy the quirky little marketing quiz that will have you thinking the next time you shop.

Whether you're graduating, retiring, moving or celebrating another memorable transition in your life, we wish you a wonderful summer season and look forward to being in touch.



Start with the Basics

Talk about estate planning and most people retreat. Fear that there is an end overshadows the consideration that this is a time of reflecting on your success! No matter what you have accumulated or what the size of your “success”, everyone has something – a home, vehicle, investment, insurance, collectible or family heirloom - that they've achieved or has brought them joy. Passing the achievement or joy attached to a material gift to someone of significance in your life ensures a legacy and a remembrance of you. Passing that legacy on is a wonderful motivator. When we shift our thoughts away from the negative, we can view estate planning as gifting our achievements forward. Creating a Will ensures your wishes are carried out and the remembrance of you will continue.

A Will is the first element of estate planning. Two other simple documents should accompany a Will. They are a Power of Attorney and a Health Care Proxy, sometime referred to as a Health Care Power of Attorney. A Power of Attorney gives legal authority to someone else, usually a family member, close friend or a trusted adviser, in the event that you are not able to make financial decisions or transactions for yourself while you are still living. The person of your choosing has the ability to manage assets and pay bills on your behalf. A Health Care Proxy allows a designated person of your choice to make health care decisions for you if you're not able. The persons you consider for the Power of Attorney and the Health Care Proxy do not have to be the same individual. Both documents often are drafted when setting up a Will through an attorney. However, should you consider drawing up a will on your own with one of the many software packages available, make sure these two useful documents are also drawn up.

Establishing these three documents – a Will, a Power of Attorney and a Health Care Proxy - will provide you with a foundation for making sure your legacy is a success.



A retiree shared with me her desire to volunteer her time, talents and skills. I expressed how honorable it was but she expressed how it was going to benefit her. Her desire to be needed and to be actively involved with others led her to seek volunteer opportunities within her community.

In a recent Reader's Digest article entitled *50 Ways to Lend a Hand*, Petra Guglielmetti shares the story of actress/activist, Raegan Payne, who made a commitment to complete 50 different acts of volunteerism within a year. The actress/activist then documented her charitable endeavors on her website, to help inspire others to do the same. “Fear of the unknown holds many people back from stepping out of their comfort zone”, Ms. Payne states. Not knowing what to do or if there will be someone to talk with are two of the concerns people have about venturing into something new. Reading about Ms. Payne's upbeat and diverse experiences helps the new volunteer to know that volunteering is fun and rewarding.

To search for volunteer opportunities, simply go to the website <http://www.volunteermatch.org> to find organizations in your area that are looking for someone just like you to lend a helping hand!



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Quarterly Report



Beyond the Basics of Estate Planning

Place Your trust in Trusts

While everyone needs the foundation of a Will, a Power of Attorney and a Health Care Proxy, many who have amassed larger asset values or have more complex situations when it comes to division of assets look to a trust document to solve the problem. Trusts are simply a legal document, which are designed to hold assets for your beneficiaries. Think of a trust as a basket. In this basket you are going to place some of the things you've acquired during your life. The basket of assets will be disbursed differently than the assets you've left outside the basket.

Trusts are broken into two categories: 1) Living Trusts and 2) Irrevocable Trusts.

✍ A Living Trust is a trust – think basket – that you put your assets into while you are alive. After the Trust document is created and you are named trustee for the trust, placing your assets into a trust will consist of re-titling the assets with the name of the Trust. The Trust will own the assets and you will control your assets within the trust because you are the trustee.

✍ An Irrevocable Trust is essentially an empty basket. It is a document you create with the help of an attorney. The assets you want placed into the basket are not put there until after you pass. This trust will then be managed by a trustee whom you appointed when the trust was created.

While the above are the two categories of trusts, there are many variations of trusts available to help those with complicated gifting situations, such as blended families and second marriages along with those who have large estate tax liabilities. While the concept of a trust is relatively simple, the structuring of a trust will probably require the help of a professional to ensure that it is binding. There are many different trusts available to handle many diverse situations and a trust professional can introduce you to one that will fit your needs. Here are a few interesting trust variations:

1. Credit Shelter Trust – For those with large estates, this trust shelters the amount of the estate tax exemption. The law states that a specific amount is allowed to pass to your spouse free of estate tax. Creating a Credit Shelter Trust funded with an amount equal to the estate tax exemption creates a separate entity, which can also pass assets to your spouse free of estate tax. The trust owns the assets that are managed by you allowing you to specify how the assets are used. Effectively you're doubling the amount of the estate tax exemption by shielding the amount placed into the trust.

2. Generation Skipping Trust – This trust allows you to put in an amount stipulated by tax law into a trust for your grandchildren. In 2009, the amount was \$3.5 million. The principal amount placed into the trust goes to benefit your grandchildren, however, you can stipulate that your children may have access to the income that the principal amount in the trust generates. You may also state how the funds are to be utilized by the grandchildren, such as for housing, tuition or healthcare.

3. Qualified Terminable Interest Property Trust (or QTIP for short) – A great estate planning vehicle for blended families and second marriages where there are natural children from a first marriage. The Qualified Terminable Interest Property Trust allows the spouse from a second marriage to receive income from the trust after you pass. The principal amount placed into the trust will remain untouched and will be passed to your natural children upon your spouse's death.

Looking at your success often times means looking at the special moment and memories of your past and the people who have shared and influenced your life. Estate Planning is essentially a way for you to share what was special to you and what you've acquired with those you love. In doing so you'll create a lasting memory and legacy that will be shared for generations to come.



Mind-Bending Marketing

Subconscious cues affect what and how we, the consumer, buy. You may not be aware of them, but the marketers and the corporations that employ them do. Check out the questionnaire below and learn the subtle ploys used that drive us to spend more at the checkout.

1. To boost sales, stores encourage shoppers to move in what direction?

- a. Clockwise
- b. Counter-clockwise

2. A person receives a \$10 rebate. How much money would a person have to receive in order to feel twice as good?

- a. \$15
- b. \$20
- c. \$40

3. "Bundling" services is done to:

- a. Provide the best deal
- b. Simplify the sale
- c. Obscure the cost

4. A Product is in a redesigned bottle – Why?

- a. Hides the different ingredients
- b. Sells less product for the same cost
- c. Excites the consumer

5. Which would make someone happier?

- a. Receiving \$30,000
- b. Receiving \$10,000 three times

Answers:

1. Counter-clockwise – Most people are right-handed. The right-handed consumer reaching for a product must turn their body to face the many products offered, which presents more buying opportunities.

2. \$40, that's why you will often see a maximum of \$10 on most rebates.

3. Obscuring surcharges and other hidden fees are the main reasons behind bundling

4. New packaging designs often consist of a large dimple in the bottom of the container to sell less product

5. Perception is non-linear, so consumers get a greater sense of excitement receiving something more often.