

The Privilege of SHAPING TOMORROW

A GIFT-PLANNING NEWSLETTER FOR FRIENDS AND ALUMNI



UNIVERSITY of ROCHESTER

Spring 2008 • Issue 28

Breaking News

The payout rates for charitable gift annuities will drop effective July 1, 2008. You can secure more income for life by making your gift by June 30, 2008. Read inside to see how much income your gift could generate!

Win-Win Strategy: Gift Annuities in Retirement Planning

“When we heard about the Handelman Fund, established to honor Dr. Stanley Handelman with whom Neil studied in a residency at Eastman Dental Center in the late 1970s, we knew that we wanted to participate.

“Establishing a series of deferred charitable gift annuities was the right plan for us at this time in our lives. We fund the annuities while in peak earning years, receive a charitable deduction the year in which we make the gift, and are guaranteed a generous rate of annual payment when the deferral period ends. The rate will never change through the rest of our lives, and the income will be a nice complement to other income sources in our retirement years.

“It is our pleasure to honor Dr. Handelman and the other faculty members at Eastman Dental Center



Dr. Neil '78D and Nancy Hollyfield

who helped me during my General Practice Residency,” Neil said. “This was an outstanding year, and I truly appreciate the consideration and education I received. I hope my gift will help the program continue in its outstanding tradition.”

THE COLLEGE OF ARTS, SCIENCES, AND ENGINEERING • SCHOOL OF MEDICINE AND DENTISTRY • WARNER SCHOOL • SIMON SCHOOL • GOLISANO CHILDREN'S HOSPITAL AT STRONG • STRONG MEMORIAL HOSPITAL VISITING NURSE SERVICE • SCHOOL OF NURSING • HIGHLAND HOSPITAL • MEMORIAL ART GALLERY DENTISTRY AT THE UNIVERSITY OF ROCHESTER • EASTMAN SCHOOL OF MUSIC • WILMOT CANCER CENTER

Philanthropy has always been a part of our success, and philanthropy always will be.

Win-Win Strategy: Increase Retirement Income and Provide Scholarships

“Charitable gift annuities have proven to be a wonderful way for me to increase my retirement income. The payments are stable and guaranteed, and using appreciated securities for the purchase has allowed me to avoid capital-gain tax. Over the years, I have greatly enjoyed many concerts at the Eastman School of Music’s Kilbourn Hall. For this reason, and because education is so important to me and in my life, I’ve designated my gift annuities to help provide scholarship aid to talented young Eastman music students.”



Dietlinde Payne '64 and Zippy Spocks

What Is a Gift Annuity?

You’ve read about them in *The Wall Street Journal*, *The New York Times*, and recent issues of *The Privilege of Shaping Tomorrow*. You, undoubtedly, are already familiar with the essentials of charitable gift annuities:

- You transfer assets (cash or publicly traded securities) to the University.
- One or two beneficiaries receive guaranteed income for life, the amount depending on the beneficiaries’ ages at the time you establish the annuity.
- A portion of each income payment is usually tax-free.
- You receive a charitable deduction that can reduce your current taxes.
- There are potential gift- and estate-tax savings.
- You make a valuable charitable gift of whatever remains after the payment obligation is satisfied.

Do You Have an IRA or Qualified Retirement-Plan Account?

Generally, retirees who reach the age of 70½ are confronted with the requirement of having to start taking distributions from their retirement-plan accounts...even if they don't need the money. Failure to make the mandated withdrawal can result in significant penalties in addition to the income tax on the distribution.

What course of action is available to you if you have reached 70½, face a required distribution, but don't need more current income?

One possibility is to take your mandatory distribution and then contribute a portion of it for a deferred gift annuity.

Suppose you are 72 and you request your mandatory \$40,000 IRA distribution this year. 20% of it is withheld for income tax, and the

net amount you receive is \$32,000, which you contribute for a gift annuity with payments deferred until you are 77. When payments begin, you will receive \$3,008 each year for life (an added bonus is that \$1,348 of this amount is tax-free for the remainder of your life expectancy).

You will also receive a current charitable deduction of \$17,041, which reduces the tax you would otherwise owe on the distribution, and the \$8,000 initially withheld should cover the tax. **Result:** This plan provides deferred income for you and allows you to make a wonderful gift to the University.

If you had not established the deferred gift annuity, you probably would have paid several thousand dollars of additional tax on the distribution.

Immediate-Payment Gift Annuity (\$25,000 Cash) Payouts and Tax Deductions Through June 30, 2008

AGE	PAYOUT RATE	TOTAL ANNUAL INCOME	TAX-FREE PORTION	ALLOWABLE CHARITABLE DEDUCTION
65	6.0%	\$1,500	\$ 851	\$ 8,063
70	6.5%	\$1,625	\$ 993	\$ 9,216
75	7.1%	\$1,775	\$1,164	\$10,566
80	8.0%	\$2,000	\$1,396	\$11,874
85	9.5%	\$2,375	\$1,788	\$12,847
90	11.3%	\$2,825	\$2,223	\$14,108

Calculations are based on quarterly payout to one annuitant.

▶ Office of Trusts & Estates

(585) 275-7547

(800) Meliora (635-4672)

kreckel@alumni.rochester.edu

www.rochester.plannedgifts.org

Deferred Gift Annuity (\$25,000) Payouts and Tax Deductions Through June 30, 2008

AGE AT TIME OF GIFT		AGE WHEN PAYMENTS BEGIN			
		60	65	70	75
40	Payout rate	14.0%	15.8%	20.9%	27.8%
	You receive every year:	\$3,500	\$ 3,950	\$ 5,225	\$ 6,950
	<i>Deduction this year</i>	\$8,025	\$12,327	\$14,566	\$17,063
45	Payout rate	11.1%	14.7%	17.2%	22.8%
	You receive every year:	\$2,775	\$ 3,675	\$ 4,300	\$ 5,700
	<i>Deduction this year</i>	\$8,092	\$10,188	\$14,213	\$16,823
50	Payout rate	9.4%	11.7%	16%	18.7%
	You receive every year:	\$2,350	\$ 2,925	\$ 4,000	\$ 4,675
	<i>Deduction this year</i>	\$6,899	\$10,096	\$12,314	\$16,521
55	Payout rate	7.3%	9.9%	12.7%	17.4%
	You receive every year:	\$1,825	\$ 2,475	\$ 3,175	\$ 4,350
	<i>Deduction this year</i>	\$7,038	\$ 8,887	\$12,134	\$14,920

Both the rate of return and the tax deduction vary according to how long you defer your payments.

The choice is yours to make with each contribution.

Little-known application:

You could name the University as beneficiary of all or a portion of assets remaining in your IRA at the end of your life, with the agreement that the amount we receive will fund an annuity for a loved one. You would provide fixed payments to a loved one and eliminate investment

risk. ***Pointer:*** If your loved one receives payments from your IRA, the payments will escalate with age and could be exhausted with longevity and/or poor investment performance. A charitable gift annuity with the University ensures level payments for life, along with your charitable gift.

Win-Win Strategy: Reunion Giving Made Easy

“At the time of my 45th and 50th Reunions, charitable gift annuities proved to be the ideal way for me to express my personal enthusiasm for the education I received at the University of Rochester, my desire to ‘give back’ for the scholarship help I received while I was a student there, and my commitment to the value of private higher education in our country.



*Drs. Roberta '57
and Roger Dayer*

“(1) An attractive and guaranteed income (2) a good income-tax deduction, and (3) the ability to make a generous gift; for me, these make gift annuities

an outstanding charitable planning method. This is a win-win opportunity for anyone who cares about the future of higher education.”

Have You Heard? A Gift Annuity Can...

The typical gift annuity agreement is established with income beginning immediately, either by a single donor who is also the beneficiary or by a couple who are joint and survivor beneficiaries. Surprisingly, there are many other applications.

- Support an elderly parent with additional income
- Support other people you care about
- Supplement your future retirement income with a deferred gift annuity

You should consult your attorney about the applicability to your own situation of the legal principles contained herein.



CONFIDENTIAL

We'd like to hear from you.

We invite you to call us, return this reply card, or visit our Web site (www.rochester.plannedgifts.org) to request a complimentary copy of our booklet, *12 Ways a Charitable Gift Annuity May Benefit You*. We would be happy to meet with you or your advisor about a gift to the University of Rochester.

Name _____ (Please Print)

School/Class _____

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Business Phone _____ / Home Phone _____

Birth Date(s) _____ / _____

E-Mail Address _____

- Please send me a free copy of the booklet, *12 Ways a Charitable Gift Annuity May Benefit You*.

I am pleased to inform you that I

- have included
 am considering including

the University of Rochester in my estate plans.

Please send me information on the following:
(Please check)

- Real estate: retained life estate
 Charitable gift annuities
 Charitable trusts
 Donor advised funds
 Retirement-plan gifts

Comments _____

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EASTMAN SCHOOL OF MUSIC • WILMOT CANCER CENTER

For More Information

Staff members in the University's Office of Trusts and Estates look forward to talking with you about philanthropic options that might best fit your circumstances. Please call, write, or stop by our office to arrange a time that is convenient for you.

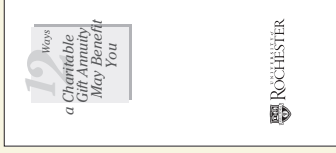
To learn more about gift annuities and their creative uses, please request our complimentary booklet, *12 Ways a Charitable Gift Annuity May Benefit You*, by returning the attached response card.

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Welcome to the Office of Trusts and Estates
Dear Friends of the University of Rochester,
This Web site is offered as a service to our donors. Philanthropy has always been a part of our success, and philanthropy always will be. Today, we continue to rely upon the generosity of our donors to support our academic and research programs, and to fund the University's health care and service to our region, state, nation, and world communities to be hallmarks of the University of Rochester.

Please let us know how we can assist you in accomplishing your philanthropic objectives.

NEW ITEMS THAT MAY BE OF INTEREST TO YOU!

- **Charitable Remainder Trust Identification:** Can Benefit from the University of Rochester's Highly Diversified Endowment
- **Charitable Gift Annuity:** A Simple and Effective Way to Donate
- **Charitable Deductions:** How to Maximize Your Deductions
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Assisting Family Members Through Charitable Giving
For more information on the benefits of gift annuities or even other strategies we would like to help you explore, please contact us today.

CONTACT US
Alumni Phone: (585) 275-7547
Alumni Email: kreckel@alumni.rochester.edu

Visit our Web site,
www.rochester.plannedgifts.org,
to calculate the benefits you
would receive from a gift annuity!