

# The Privilege of SHAPING TOMORROW

A GIFT-PLANNING NEWSLETTER FOR FRIENDS AND ALUMNI



UNIVERSITY of ROCHESTER

Fall 2008 • Issue 30



## Create Your Own Good News: *Year-End Charitable Strategies*

*To learn about creative charitable year-end strategies that have brightened donors' personal economic and philanthropic forecasts, please read on.*

### 1. IRA Charitable Rollover

Congress recently extended an excellent charitable planning opportunity that permits IRA owners age 70½ or older to make direct transfers of up to \$100,000 from their IRAs to charities tax-free. The tax provision is a retroactive, two-year extension of the IRA charitable rollover through December 31, 2009. A distribution does not generate a federal income-tax deduction.

To qualify:

- You must be 70½ or older
- Your transfer must go directly from your IRA to the qualified charity

- Your gifts may total up to \$100,000 per year in 2008 and 2009
- Your gift must be outright (transfers to donor-advised funds, supporting organizations, charitable gift annuities or charitable remainder trusts do not qualify)

**Bonus:** Qualifying gifts can count toward your minimum required distribution for each year and substantially reduce your taxable income.

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

## 2. Reduce Tax with an Annual Gift

A gift by December 31, 2008, will not only enable you to make an investment in the University, it can also allow you to reduce your tax obligation for this year. If you itemize your deductions for federal tax purposes, the amount you save will depend on your marginal federal income-tax bracket.



*Donna Matheson '78, '79S (MBA)*

Donna Matheson acknowledges how important her Simon School education has been to her Wall Street career, where she is currently the chief financial officer for investment banking technology at Citi. Since earning her Simon degree, she has regularly returned to the School to participate on panels, to work with and advise students, and to serve on the School's Executive Advisory Committee.

Donna's financial support has grown commensurate with her involvement. "It's helpful to have an understanding of the School's operating environment. I understand where my dollars are going and the impact they will have." Her most recent gift, a five-year commitment to become a charter member of the University's George Eastman Circle, will provide unrestricted annual support to the Simon School. Donna appreciates the value of the tax deduction as it allows her philanthropic dollars to go even further in her efforts to support the Simon School.



*Andy Stalder '48 at the piano*

Andy Stalder's involvement with the University's Eastman School of Music has been lifelong, starting with violin lessons in 1933 through Eastman's Preparatory Department. As an Eastman scholarship recipient, he continued violin lessons at the collegiate level, though he ultimately earned a degree in history at the University's College of Arts, Sciences, and Engineering. Upon his retirement from a distinguished career in the U.S. Foreign Service, Andy returned to Eastman's Community Music School in 1976. For the past three decades he has pursued study of his favorite instrument, the piano.

Sharing the riches of his musical life and helping others to enjoy similar opportunities are the reasons Andy created two named scholarship endowments at the Eastman School, one in support of collegiate scholarships and the other in support of students enrolled at the Community Music School. One of the endowments will be established from the proceeds of a charitable gift annuity Andy funded with appreciated securities. While motivated by a desire to give back, the benefits of receiving a guaranteed fixed income and a significant charitable deduction were meaningful considerations.

### 3. Increase Cash Flow with Guaranteed Annuity Payments

With the current low interest rates on traditional investments, you may find that this is a perfect time to consider charitable strategies that allow you to make a gift, generate a charitable deduction, and receive payments based on the value of your contribution. One of the most popular and versatile vehicles is the charitable gift annuity.

Benefits of a \$25,000 Charitable Gift Annuity				
Beneficiary(ies) Age(s)	Rate	Annual Payment	Tax-Free Amount	Charitable Deduction
70	6.1%	\$1,525	\$ 946	\$ 9,970
75	6.7%	\$1,675	\$1,112	\$11,210
80	7.6%	\$1,900	\$1,340	\$12,403
85	8.9%	\$2,225	\$1,689	\$13,521
70-70	5.6%	\$1,400	\$ 847	\$ 7,630
75-75	6.0%	\$1,500	\$ 972	\$ 9,062
80-80	6.6%	\$1,650	\$1,142	\$10,505
85-85	7.4%	\$1,850	\$1,365	\$12,034

\* Based on 4.2% IRS discount rate (announced monthly)

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### 4. Plan Your Charitable Gift to Do Double Duty—Give Appreciated Assets

In most cases, if you give appreciated assets that you have held for more than one year you can deduct the full fair-market value and avoid capital-gain tax.



*Dr. Eric M. Dreyfuss*

“Allergists in Rochester, N.Y., have had a great influence on the development of the fields of allergy and pediatric allergy in the United States,” writes Dr. Eric M. Dreyfuss. That influence is what brought Dr. Dreyfuss to Rochester more than 45 years ago to study with his mentor Dr. Jerome Glaser, a pioneer in the field of pediatric allergy.

Maintaining the tradition of growth and development of the field is what recently moved Dr. Dreyfuss to make two important gifts.

Earlier this year Dreyfuss funded a charitable remainder unitrust (CRUT) that will ultimately establish The Founders Professorship of Pediatric Allergy, an endowed professorship that will honor the illustrious founders of the pediatric allergy section of the Department of Pediatrics at the University of Rochester Medical Center. To complement the CRUT, he recently funded a donor-advised fund with appreciated securities. By using appreciated stock, Dr. Dreyfuss made his gift in the most tax-effective manner. He avoided capital-gain tax and secured an income-tax deduction.

# 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](http://www.rochester.plannedgifts.org)) to request a complimentary copy of our handbook, *Creating Your Legacy in Troubled Financial Times: A Philanthropist's Guide to Federal Taxes in '08*. We would be happy to meet with you or your advisor about a gift to the University of Rochester.

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City/State/ZIP \_\_\_\_\_

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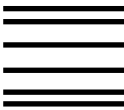
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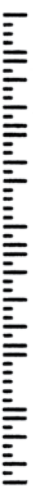
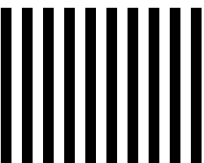
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## 5. Make a Significant Gift of Your Home But Never Move!

A special tax-law provision gives you a significant deduction for making a gift of your home to the University, yet allows you to continue living there for the rest of your life. You keep what is known as a “life estate” and transfer what is known as the “remainder interest” to the beneficiary.



*Dr. Brewster C. Doust '50, '52M (MD) and sister-in-law Jane Doust unveil memorial plaque.*

Dr. Brewster C. Doust graduated from the University of Rochester School of Medicine and Dentistry in the same year his late brother Dudley A. Doust '52 received his degree in English. Dudley went on to study at Stanford under Wallace

Stegner and then embarked on a distinguished career as a journalist and writer.

To honor his brother's career and memory, Brewster gifted a property in Skaneateles, N.Y., with a retained life estate. He enjoys both the right to live in the house for the balance of his life and an immediate charitable deduction for the value of the remainder interest in the property.

The eventual sale of the property will be used to support The Dudley A. Doust '52 College Writing Tutors Fund, an endowment that will permanently support the nearly 50 graduate and undergraduate students who serve as tutors for the College's Writing Program. "The Doust College Writing Tutors Fund is something Dudley would believe in and support. I feel very good about this gift and how it honors my brother."

## Make Your Moves Now

The remaining days of 2008 may pass quickly. We encourage you to get started on the year-end strategies that best fit your situation right away.

To assist you in your charitable and tax planning, we encourage you to send now for a complimentary copy of our handbook, *Creating Your Legacy in Troubled Financial Times: A Philanthropist's Guide to Federal Taxes in '08*.

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



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