

Building Brilliant Futures for Generations

at the University of Illinois at Chicago

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futures

THE CAMPAIGN FOR THE
UNIVERSITY OF ILLINOIS
AT CHICAGO

Charitable Gift Planning Ideas from the University of Illinois Foundation

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The Gift of Education Changes Lives and Builds a Stronger Tomorrow

Your Personal Economic Stimulus Package: 3 Solutions Follow

Dr. Robert Shales is creating brilliant futures

Dr. Robert Shales spent his young adulthood admiring an uncle who attended the University of Illinois. The first in his family to graduate high school, he dreamed of following in his uncle's footsteps despite his family's post-Depression financial hardships.



Dr. Robert Shales

But they made ends meet, and he was grateful to attend the College of Dentistry during World War II. A fulfilling and successful dentistry career later, he's creating brilliant futures for generations of University of Illinois at Chicago students.

"Since 1933 I've loved the University of Illinois," says Shales. "My charitable gift annuity allows me to express my affection for the institution, help students and provide myself income in my retirement."

Shales chose to fund a charitable gift annuity (CGA) because it offers a tax deduction, delivers lifetime payments and supports a cause of the donor's choosing. For Shales, this was helping students. He dedicated his gift to the Sylvia Manning Scholarship Fund, which honors UIC's immediate past chancellor and provides need-based scholarship funds to cover an undergraduate's full financial needs.

"I know students can spend precious time and energy worrying about next semester's tuition," says Shales. "The Sylvia Manning Fund represents my goal to make University study more comfortable for a deserving student, who can re-focus on study, research or community service."

All three of Shales' sons graduated from the University of Illinois, which, added to his lifelong interest in the University, helped him stay connected over the years. In fact, he created a file for them, full of information about his gift, to emphasize the importance of service to others.

"I never would have dreamed, when I was starting out and times were lean, I'd be giving money to the University," Shales says. "My hope, in addition to helping students, is to encourage others to consider doing the same."

1 Generate more spendable income by converting low-yielding CDs to a charitable gift annuity.

Interest rates on traditional investments continue to hover at near-record low levels. Many investors are discouraged to find that the rates they are being offered to renew their maturing CDs are substantially less than what they had been paid on the ones coming due.

Many of our friends committed to major support of UIC are finding that our charitable gift annuities have some significant advantages over CDs, including:

- Higher payout rates
- Substantial income-tax deductions
- Tax-free income

Our gift annuities pay income to you for life at attractive rates—determined by your age—and allow you to take a sizable charitable deduction for a portion of your contribution.

Example: Bill and Maragaret, ages 80 and 78, have been getting a 4.5 percent return on a \$50,000 CD at their local bank. It will be maturing soon, and they are discouraged to learn that the rate offered for renewal is just 2.25 percent.

They would like to make a meaningful gift to UIC and generate income to meet their financial needs, so they decide to transfer the \$50,000 to us for a gift annuity that will pay them 6 percent, or \$3,000, each year as long as either of them is alive. Better still, almost \$2,200 of their annual income will be tax-free for the next 14 years. In addition, they are entitled to a charitable deduction of more

than \$21,000, saving them more than \$7,350 in their 35 percent tax bracket.

Go to
[www.giving.uic.edu/
cga/rates.html](http://www.giving.uic.edu/cga/rates.html)
to check your annuity rate!

2 Reduce your taxes now and increase income for retirement.

The future holds few guarantees, especially when it comes to financial matters. One way to ensure predictable future income, and also provide for the future of UIC, is the deferred charitable gift annuity. A deferred gift annuity lets you make a current gift, generate an immediate tax deduction and select when fixed-annuity payments, guaranteed by UIC, will begin.

Many features of the deferred gift annuity make it extremely attractive, including:

- **Larger annuity payments.** The deferred gift annuity pays more income than an immediate gift annuity. The longer the deferral period between the gift and the start of income payments, the higher the income.
- **Larger income-tax deductions.** The charitable income-tax deduction is also greater compared to an immediate gift annuity. Like the annuity rate, it increases as the deferral period lengthens.
- **Flexibility.** A deferred gift annuity can be established with a minimum of \$10,000, and income can begin at any time you choose after age 60, as long as it is at least one year from the date of the gift.
- **Tax-Free Return.** A portion of your income will likely be treated as a return of principal. Consequently, it is not taxable income.
- **Avoidance of Long-Term Capital-Gain Taxes.** If you fund a deferred gift annuity with appreciated stock, the annuity payments and the charitable tax deduction are based on the full fair-market value of that property. And you do not have to recognize the gain when you make your gift. The same is true for an immediate gift annuity funded with stock.

3 Generate tax savings now by giving a remainder interest in your property.

Many of our friends have already made plans to make substantial charitable gifts at their death—a wonderful way to make larger gifts that may not be possible during their lives. These gifts may also generate significant estate-tax savings—but only if an estate is large enough

\$10,000 Deferred Gift Annuity Payments Beginning at Age 67			
Age(s)*	Annual distribution	Tax-free portion	Deduction
One annuitant			
55	\$880	\$333	\$3,911
60	\$720	\$335	\$3,869
65	\$580	\$340	\$3,781
Two annuitants			
55-55	\$820	\$328	\$2,419
60-60	\$660	\$318	\$2,644
65-65	\$540	\$317	\$2,683

* Age(s) of beneficiary(ies) at time of gift
New annuity rates as of 7/11/09, Discount rate @3.4 percent

to be subject to federal estate tax. Currently, everyone is entitled to pass on \$3.5 million of assets free of tax.

Even if you won't benefit from estate-tax savings, you can realize income-tax savings by making gifts during your lifetime. One of the best ways to accomplish this—without disrupting your current lifestyle—is to give UIC the right to have your personal residence, vacation home or farm at your death and retain what is known as a life estate for yourself.

Example: A couple, both 75, give us a remainder interest in their home and keep a life estate for themselves. If their house is worth \$500,000, they would be entitled to an immediate tax deduction of just over \$262,500. This saves them more than \$91,800 in taxes in the 35 percent federal income-tax bracket.

Planning Pointer: Lower prevailing interest rates result in a higher deductible value for a gift of a remainder interest, which means this is an excellent time to consider such a plan.

Next Steps:

This issue of *Generations* covers several strategies to achieve your charitable and financial-planning goals. Are you wondering what your next best step is? Maybe you'd like more information, or maybe you'd like to speak to us directly. Here are a few options:

- 1 **Visit us online** at www.giving.uic.edu/giftplanning to learn more about how you can help UIC while achieving your financial goals.
- 2 **Return the reply card** to receive a free copy of our newest and most comprehensive publication, *Guide to Giving*.
- 3 **Call us** at 312-413-3394 to speak with a gift planning advisor about annuity rates and other gift options.
- 4 **E-mail us** at lbennett@uif.uillinois.edu. We're happy to answer any questions you might have or send you more information.

Lynn Bennett, CFP
Gift Planning Advisor

312-413-3394 Phone
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www.giving.uic.edu/giftplanning

ESTATE GIFTS ARE SIMPLE AND EFFECTIVE

PLEASE HELP ENSURE CONTINUED EXCELLENCE, ACCESS AND AFFORDABILITY AT UIC

It can be as simple as these two steps:

- Use the following language on IRA, insurance or other beneficiary designation forms; or provide it to your attorney to include in your Will or living trust
- Contact us to record your intent or to further specify the use of your gift

"I leave (e.g., % of estate, \$ amount, residue) to the University of Illinois Foundation, an Illinois nonprofit corporation, to change lives and build a stronger tomorrow by supporting education, research and public service at the University of Illinois at Chicago."*

* CONTACT US TO FURTHER DESIGNATE YOUR GIFT.

Learn more about the Brilliant Futures campaign and other ways to participate at www.uif.uillinois.edu.