



Perspectives on Planning

LASELL COLLEGE HERITAGE SOCIETY

FALL 2008

*Information on financial and estate planning for alumni and friends of Lasell College —
Where the Classroom Is the Real World*

Planned Giving: An American Tradition

To preserve the memory of a loved one, to express gratitude for a service well-performed, to demonstrate deep-felt humanitarian concerns, to support a tradition of excellence in education—these are some of the reasons thousands of people each year contribute their time, money, and talent to America’s charitable organizations.

Considering today’s economy and the increased complexity and scope of our nation’s tax structure, the judicious planning of one’s charitable gifts is vital. We are pleased to outline several planned-gift opportunities you may wish to consider as you plan your own charitable gifts.

TYPES OF GIFTS

The type of asset you give and the way you transfer it to Lasell College will determine the tax and financial benefits resulting from your gift; certain kinds of gifts may be more advantageous than others from these standpoints. It pays to plan your gift in order to secure maximum benefits.

Cash

A gift of cash is the simplest and most direct way to contribute to charity. You may designate your gift for a specific purpose, or you may choose to leave your gift undesignated to be used in the area of greatest need.

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NEWS FLASH: Trustee Adelaide Shaffer Van Winkle '36/H'96 has challenged Lasell’s alumni and friends to help increase the Annual Fund for the current fiscal year (ending June 30, 2009). She will match every new and increased gift of \$100 or more—up to a total of \$150,000! Mrs. Van Winkle asks, “Are you up to the challenge?”

The out-of-pocket cost of a cash gift is less than the dollar amount of the gift because of the charitable income-tax deduction. **Example:** A person in the 28% tax bracket can make a contribution of \$1,000 at an actual cost of only \$720.

Appreciated Securities

An alternative to a gift of cash that deserves careful consideration is a gift of appreciated securities that you have owned for more than one year. Substantially greater tax benefits result because you avoid capital-gain taxation.



“My husband and I find making a gift of stock to Lasell’s Annual Fund works best for us. It certainly is easy, and there are tax advantages for making a donation of appreciated stock. We avoid capital-gain tax and also realize a charitable tax deduction. We are happy to be able to support Lasell in this way, which is beneficial both for us and Lasell College.”

—Overseer Lela Graham Moses ’61

Example: If you are in the 33% tax bracket and contribute \$10,000 worth of long-term appreciated stock to Lasell College, you will realize an actual income-tax savings of \$3,300. If you paid \$3,000 for the stock you are contributing and owned it for more than 12 months, you will also avoid capital-gain tax of \$1,050 (15% of \$7,000). Thus, the actual cost of a \$10,000 gift of long-term appreciated securities can be reduced to only \$5,650 (\$10,000 less income-tax savings of \$3,300 less capital-gain tax savings of \$1,050).

Life Insurance Policies

An asset that is frequently overlooked is life insurance. If the original need for which a policy was purchased no longer exists, a gift of this asset can be very rewarding, particularly if the policy is fully paid up.

Real Estate

A personal residence, a farm, a vacation home, and commercial and rental property are often the subject of gifts. Like gifts of long-term, appreciated securities, gifts of real estate can be very attractive because of the double tax benefit—an immediate charitable deduction and the avoidance of capital-gain tax.

You may want to consider a gift to Lasell of a *remainder interest* in your personal residence or vacation property. Even though you will retain the right to possess and enjoy the property for as long as you (and your spouse) live, you’ll obtain

a current income-tax deduction for the present value of Lasell's remainder interest.



"In the early 70s, for the mere sum of \$5,000, I purchased a parcel of land in Punta Gorda, Florida. I was single, a middle school Spanish teacher in the West Essex Regional School District in New Jersey, and a few of my teacher friends and I decided to each purchase a parcel of land in the same community with the sole purpose of building homes where we could retire in our old age. In 2005, I decided to donate the land to Lasell College and asked that the proceeds from the sale of that land, which was \$62,000, be used to provide operating funds for the Center for Research on Aging and Intergenerational Studies. I did not have to pay a capital-gain tax, and I received a generous tax deduction. I benefited, and Lasell and the Center for Research benefited. I am no longer in touch with those friends, but I still plan on having a wonderful retirement!"

—Trustee RoseMary B. Fuss

WAYS TO GIVE: LIFE-INCOME PLANS

Basically, a life-income gift plan with Lasell College is an arrangement under which you make a gift of cash or property (*stocks, bonds, real estate*) in

exchange for a stream of income for life: you transfer an asset *but reserve the right to receive payments* from the asset.

These planned gifts, along with gifts of life insurance, IRAs, and charitable bequests, qualify the donor for membership in the Lasell College Heritage Society: our honorary organization established to thank these champions of Lasell's future.

There are several benefits from this type of gift arrangement:

- A stream of income for life, to more than one beneficiary if you wish
- A charitable income-tax deduction in the year you make the gift
- A charitable estate-tax deduction for a portion of the gift
- A gift that will benefit Lasell in the future

Life-income gifts may be made in the form of *trusts* or *gift annuities*.

Gifts in Trust

Trusts that make lifetime payments to the specified beneficiaries and ultimately benefit charity are known as charitable remainder trusts. At Lasell, these trusts may take either of two basic forms:

- The charitable remainder unitrust
- The charitable remainder annuity trust

Payments from a unitrust *vary* according to the investment performance of the trust.

Payments from an annuity trust are *fixed* when the trust is created and will not vary over the lifetimes of the beneficiaries.

Planning pointer: If you fund any of these trusts with long-term appreciated securities, you will receive the benefits listed above plus an additional tax benefit: you will avoid capital-gain tax on the appreciation, thus preserving more of your gift to produce the payments.

Gift Annuities

The gift annuity is perhaps the simplest and most popular charitable life-income arrangement. It does not require a complicated agreement, and the amount needed to fund it can be as little as \$10,000. Basically, a gift annuity is a contract between the donor and the charity. In exchange for a gift of cash or marketable securities, fixed payments are guaranteed to the beneficiary(ies) for life. A portion of each annuity payment will not be subject to federal income tax.

BEQUESTS

A number of bequest types may be used by individuals to memorialize their philanthropic interests. The choice depends on each person's unique circumstances and personal and financial objectives.

A *specific bequest* identifies particular assets, while a *general bequest* provides a *sum certain* as the subject of the gift. A

percentage bequest expresses the gift as a percentage of the total estate, regardless of size.

It is also possible to make a gift of what is left after taxes, debts, expenses, and other bequests have been satisfied (*a residual bequest*) or to condition a gift on the occurrence of some event, such as an intended beneficiary predeceasing you (*a contingent bequest*).

In addition to the personal satisfaction of making a philanthropic bequest, there are definite federal estate-tax benefits. A charitable estate-tax deduction is allowed for the full value of the gift.



“I have devoted a considerable portion of my adult life, both professional and volunteer, to education. And now with the benefit of being able to look back, I realize how critical my time as a Lasell student was to my personal development. Lasell provided me with a fine education, and I want to help Lasell continue offering a great education to students in the future. To that end, Lasell will receive a bequest from my estate. In the meantime, I continue to support the Annual Fund. I invite you to join me in supporting OUR college!”

—Judy George Stephens '58

Dear Alumni and Friends,

I am pleased to bring you the latest issue of Lasell's planned giving newsletter, *Perspectives on Planning*.



Our newsletters are designed to provide information about estate and financial planning, as well as thoughtful charitable gift arrangements. Each issue features a different topic and includes a reply card that you may return to request further information. In this issue, we feature the different types of charitable gifts and the ways in which each may benefit your financial and philanthropic goals.

We all want to find ways to minimize our taxes, get the most out of our investments, plan effectively for retirement, and identify the best ways to support our families as well as charitable organizations that are important to us. I would welcome the opportunity to talk with you and explore the means to accomplish these goals in your situation.

I look forward to the opportunity to serve you.

Cordially,

A handwritten signature in black ink that reads "Katharine Urner-Jones".

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*Call our office or return the enclosed card to request a copy of our complimentary booklet, **Ways to Give.***

MORE QUESTIONS? We're here to help.

If you would like more information about how you can make a gift through any of the gift opportunities mentioned in this issue, please return the attached card to receive our latest booklet, **Ways to Give**. We would be delighted to provide you with additional information for selecting the gift method that best suits your individual objectives. For more information, please contact Katharine Urner-Jones '83 at (617) 243-2223 or kurnerjones@lasell.edu.

Ways
to Give



*Office of Institutional Advancement
1844 Commonwealth Avenue
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You should consult your attorney about how the matters that we have described may affect your situation, and you should consult your financial advisors about any significant investments you are considering.

