

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

## Four Opportunities to Make the Economy Work for You Right Now

### 1. Get In on the Ground Floor of the Recovery

Because of the swift decline in the market, it is difficult for many investors to find a good place to jump out of the market; many are reluctant to sell now, not wanting to miss a potential recovery.

Others may want additional income but are reticent to cash in at what they consider the bottom, tying the income they do get to current low stock values. If you have substantial charitable goals, there is a way to create that source of income right now and still benefit from future recovery.

You can transfer assets to a special kind of trust—a charitable remainder unitrust (CRUT)—that will pay you a fixed percentage of its value as it changes annually. If the value of the trust's investments goes up, your income will go up. You can set this up to make payments for your life or for any period of time you choose, up to 20 years, and it generates a significant tax deduction. At the end of the trust term, assets remaining in the trust pass to Lasell College.



*Bill Klingbeil and Susan Slocum Klingbeil '45, both Lasell College Overseers, established a charitable remainder trust with the College's Charitable Trust Program. Bill writes: "Sue and I are extremely satisfied with the Lasell charitable trust. It is a 'win-win' situation. The trust helps provide a comfortable life income for us; we received an excellent tax deduction; and, above all, it helps the institution that we love.*

*"All in all, the Lasell trust is the best all-around investment we have ever made. We urge friends and alumni to investigate this fine financial opportunity."*

*Example:* Dan and Elizabeth M, both 68, have been major supporters of our work for many years. They have seen the value of their stocks drop precipitously over the last year and know that if they sell some and put the proceeds in traditional income-producing investments, they will effectively lock in their losses and not benefit from future recovery.

Instead, they decide to put \$500,000 of their portfolio in a CRUT that will pay 5% of its value each year as long as either one of them lives. They will get 5% (\$25,000) in the first year of the trust. The amount in future years will depend on the trust's investment results.

If the trust achieves an average of 8% total return, their income will go up annually and could eventually exceed \$46,000.

What's more, Dan and Elizabeth can take a deduction of more than \$194,000, saving them more than \$68,000 in federal income tax. If the trust achieves an 8% total return, there will be almost \$1 million—\$958,052—to create their gift.

## 2. Take the Guesswork Out of Retirement Income

One of the biggest concerns for many Americans has been the effect of the economic downturn on their retirement-fund investments. Retirement-plan fluctuations have made it more difficult than ever to predict exact levels of retirement income.



*Overseer Laura T. Jensen '61 writes: "In 2003, when I was 62 years old, I established a deferred gift annuity at Lasell with payments to begin in 2011. I am still working but not as much as earlier in my career. My deferred gift annuity will ease me into not having the work income.*

*"Now that we're both a bit older, my husband and I recently decided on an immediate-payment joint charitable gift annuity as well. We signed our contract with Lasell this past spring and have already deposited our first payment from the College. Lasell received our dollars, and we increased our predictable cash flow; we will receive our payouts as long as either one of us is living. It is gratifying to see your charitable dollars at work while saving on taxes (part of the payout is taxed as ordinary income and part is tax-free). The folks at Lasell made this process easy and enjoyable. It is a win-win for all concerned."*

Some of our friends are combining charitable planning with retirement planning, a creative strategy that allows them to fulfill important philanthropic goals and lock in retirement

income down to the penny—all while enjoying major tax benefits.

**Here is how it works:** You transfer assets to Lasell College now, and we guarantee to pay you a specific amount each year beginning when you choose. **Your future income is guaranteed regardless of what happens in the market.**

**Example:** A longtime supporter of Lasell College, Mary J, 55, wants her giving to have a major impact on our mission and transfers \$200,000 to us now in exchange for annual income at 8% each year, which will begin when she retires at the age of 65. After Mary’s death, funds from her gift will be available for a special project she wants to support.

This plan—called a deferred charitable gift annuity—will continue to pay \$16,000 per year for as long as Mary lives, and \$7,312 of her “income” will be tax-free for the balance of her life expectancy. Mary takes a deduction this year of \$54,542,

saving her more than \$19,090 in her 35% tax bracket.

**An alternative to low-rate CDs.** We also offer immediate-payment gift annuities for the life of one or two annuitants—many of our friends find their rates an attractive alternative to the low rates currently available on CDs and other traditional income-producing investments.

*Lock in retirement income down to the penny.*

How might a gift annuity fit into your plans? The chart below shows the rates we currently offer at various representative ages.


### 3. Sell Those Losers Before Giving

Many of our supporters are familiar with the strategy of giving appreciated stock instead of cash to get extra benefits, deducting the full value of the stock and

## Immediate-Payment Gift Annuity Rates

Age	Rate
55	4.8%
60	5.0%
65	5.3%
70	5.7%
75	6.3%
80	7.1%
85	8.1%
90	9.5%

Ages	Rate
55–55	4.1%
60–60	4.6%
65–65	4.9%
70–70	5.2%
75–75	5.6%
80–80	6.1%
85–85	7.0%
90–90	8.3%



not paying any tax on the paper gain.

But in this down market, consider selling the stock first and then giving the proceeds to Lasell and reap double benefits:

- You can use the loss on the sale of the stock to offset other capital gain.
- Your cash gift generates a tax-saving charitable deduction.

**Example:** Nancy H is a generous friend of Lasell and makes a gift of \$25,000 each year to support our work. This year, due to the economic slump, the value of some of Nancy's stocks has slipped. In fact, her shares in XYZ, Inc. are now worth half of the \$50,000 she paid for them five years ago.

Nancy decides to sell that stock and give us the \$25,000 proceeds of the sale. She can use the \$25,000 loss she realized on the sale to offset gain from other investments—or even to offset up to \$3,000 of ordinary income if her loss is greater than her gain. In addition, she can deduct the \$25,000 gift, saving her \$8,250 in her 33% federal tax bracket.

## 4. Take advantage of a special opportunity set to expire this year.

Charitably minded IRA owners have a new opportunity to use some of their IRA funds to make charitable gifts without

historic pitfalls because of special legislation passed in 2006. **This opportunity has been extended until December 31, 2009.**

If you are 70½ at the time you make your gift to us, you can transfer up to \$100,000 from an IRA directly to Lasell College this year without those funds being treated as a taxable distribution to you. **Bonus:** A gift from your IRA will reduce the minimum distribution you will be required to take from your IRA in the future.

While IRAs are a substantial source of assets for many people and historically have been a logical source from which to fund charitable gifts, there were potential negative tax consequences for doing so.

**Reason:** Amounts withdrawn from IRAs were treated as taxable distributions to the account owner in all cases. These negative tax consequences will resume in 2010!

Act now to take advantage of this opportunity to make a tax-free transfer. It is especially beneficial if:

- You do not itemize deductions.
- Your total giving exceeds the maximum deductible percentage of adjusted gross income allowed for 2009.
- Your state law does not provide for a charitable deduction.

## Dear Alumni and Friends,

I am pleased to present the latest issue of Lasell's *Perspectives on Planning* newsletter.



**Opportunity.** The very word speaks of the chance to capitalize on temporary—and often short-lived—conditions and circumstances. For months the whole world has been focused on the current economic downturn—and with good reason. Few investments or asset classes have been immune from its impact.

As the economy slowly recovers, there are significant opportunities waiting for those who are creative and nimble, especially those who are also charitably minded. In this issue of *Perspectives on Planning*

we highlight four ways you can make the economy work for you right now. Best of all, you can use some of these strategies to support Lasell's new building venture, the Center for Creative and Applied Arts: an exciting renovation and construction project that will provide much-needed classroom and faculty office space to accommodate Lasell's continued growth. Read all about it in the upcoming fall issue of the *Lasell Leaves*!

We hope that you consider including Lasell College in your plans. Please return the enclosed reply card for more information, or call me at (617) 243-2223.

Cordially,

A handwritten signature in black ink that reads "Katharine Urner-Jones". The signature is written in a cursive, flowing style.

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## Is Opportunity Knocking for You?

You may find our handbook, *Creating Your Legacy in Uncertain Financial Times: A Philanthropist's Guide to Federal Taxes in '09*, helpful as you consider your plans. Please return the enclosed card to receive a complimentary copy, or feel free to contact our office to request a copy of the booklet or to discuss your situation with Kathy Urner-Jones '83.

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