



Perspectives on Planning

LASELL COLLEGE HERITAGE SOCIETY

FALL 2011

2011 Charitable-Planning Q&A: Are you up to the test?

With the new year fast approaching, chances are your thoughts are turning to important year-end maneuvers to make for optimum tax results in 2011 and beyond. Charitable planning options and opportunities are among the most important and versatile tools you have at your disposal. To help you achieve your charitable goals, we have designed a year-end planning quiz to help you get your mind around some of the key issues you may want to consider.

Faithful Annual Supporter

Scenario: Jane T is a loyal supporter of Lasell and makes an annual gift of \$5,000 to support our work. In preparation for her year-end planning, Jane is reviewing her income records, bank statements, and reports on investment accounts. She is pleased to note that several of her stock investments have grown quite nicely this year.

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De Witt Named Heritage Society Co-Chair



Lasell President Emeritus Thomas E.J. de Witt has joined Lasell Trustee Emerita Lynn Blodgett Williamson '46 as honorary co-chair of the College's Heritage Society, a giving group designed to thank Lasell's planned giving donors who support the College through gifts by Will, charitable annuities, and other means.

Commenting on his new role, de Witt says, "I was delighted when President Michael Alexander asked me to serve as honorary co-chair. I

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Q: Which of the following would Jane be wise to choose this year to fulfill her charitable objective?

- A. Write her usual check for \$5,000
- B. Sell \$5,000 worth of appreciated stock to capture the gain and give Lasell the proceeds
- C. Give \$5,000 worth of stock directly to Lasell
- D. Make a larger contribution to offset the appreciated value of the stock

If Jane contributes stock that she has held for more than one year directly to us, she will be entitled to take a deduction for its full fair-market value. Moreover, she will not have to recognize or pay tax on any of the amount the stock has increased in value since she bought it.

Jane, of course, would not be subject to additional tax simply because her investments had increased in value, but selling appreciated stock does trigger a taxable capital gain. As such, if Jane sold the stock she would realize a taxable gain even if she made a charitable gift of all proceeds of the sale. **Answer:** C

Avoiding Capital-Gain Tax

Scenario: Jean W, 70, retired recently. An active investor, Jean has been pleased with the growth she has been able to achieve with her portfolio and would now like to convert some of her holdings to higher-yielding investments—especially since she has some concerns about the future direction of the stock market. She does not, however, find the current yield on income-producing investments to be attractive and is reluctant to sell stock and generate taxable capital gain. A longtime supporter, Jean would also like to find a way to add to an endowed scholarship at Lasell, knowing how important increasing scholarship support is to the College and its students.

Q: How might Jean best achieve her goals?

- A. Transfer stock to Lasell College in exchange for a charitable gift annuity
- B. Take a chance on a junk bond fund and give us part of the increased yield
- C. Enter into a reverse mortgage agreement on her house
- D. Sell her stock and wait for higher interest rates



“After my marriage to Donald Winslow, who was born on the Lasell campus nearly a century ago, Lasell became part of my life too. As I watched it grow into a four-year, co-educational college with a program aiming to connect students with the world through study, travel, volunteerism, and internships, I wanted to help the institution fulfill its mission while preserving its rich history.

When I learned that a Lasell Gift Annuity would provide me with an 8.3% annuity for the remainder of my life, I saw a way to augment my pension enough to continue to support my special interest in the Lasell Archives now and provide a sum of money to help insure Lasell’s future.”

—Overseer Charlotte Lindgren Winslow

Jean can acquire a charitable gift annuity from Lasell, and we will pay her a guaranteed amount each year for the rest of her life (based on the value of the stock she transfers to us). For instance, if Jean transferred \$100,000 worth of stock to us, we would agree to pay her \$5,800 each year for life based on her age of 70.

Jean would be able to take a deduction of about \$36,000 this year. Better still, she would have to recognize and pay tax on only a portion of the gain she would have realized had she sold the stock—and she could spread the recognition of that reduced amount of gain over the period of her life expectancy. If, for example, the stock had doubled in value while she held it, \$2,010 of each annual payment to her would be treated as long-term capital gain for the balance of her life expectancy. As a bonus, an identical \$2,010 of the annual payout would be considered tax-free. **Answer: A**

Reduce Income Taxes This Year

Jim C, 72, would like to make a gift of \$50,000 this year to support a special project at Lasell College. Besides his home, most of Jim’s assets are held in his IRA, from which he must take annual required minimum distributions. In addition to supporting our work, Jim would also like to reduce his income-tax obligation for 2011.



Q: To fund his gift, which of the following should Jim consider?

- A. Borrowing money on his house
- B. Withdrawing money from his IRA
- C. Charging his gift to his credit card
- D. A direct IRA charitable rollover to Lasell

If you take a distribution from your IRA account or another qualified retirement account, the amount of that distribution is included in your income for the year in which you take the distribution. For several years now, however, taxpayers aged 70½ and older have had the option to make a direct transfer of up to \$100,000 from their IRA accounts to a charitable organization—a kind of charitable rollover—without the transfer being treated as a taxable distribution to the account owner. Last year’s tax legislation extended this option through the 2011 tax year.

Even though an IRA charitable rollover is not deductible, the amount of the transfer is not included in the taxpayer’s income. Directly transferring IRA funds (as opposed to taking a personal distribution and contributing the proceeds) can be beneficial in multiple ways:

- Some states do not allow separate itemized deductions for charitable contributions, so a personal distribution would generate state income tax in such situations.
- It provides a way if you have already made maximum deductible charitable contributions to further achieve your charitable goals without incurring federal income tax.
- It reduces the amount that you must take as a required minimum distribution in subsequent years.
- You may use a direct IRA charitable rollover to satisfy some or all of your minimum distribution requirement—a factor that can save the income taxes you would have paid on a taxable distribution.

You may use an IRA charitable rollover to make an outright gift only. Contributions to donor-advised funds or life-income gifts are not allowed. **Answer: D**

Dear Alumni and Friends,

About 90% of Lasell students currently receive some form of financial aid. The College looks to both the Lasell Fund for annual gifts and our endowed scholarship program to help underwrite this tremendous need. As we approach the end of the year, when many people think about making charitable gifts, I want to provide some useful tips for your planning and personally thank you for your support of Lasell College.

In order to make wise charitable decisions, it is important to have pertinent information. As an educational institution, Lasell is committed to providing this information to you. This newsletter's quiz also promotes the College's lifelong learning goals. We hope it takes you back to your college days—without the sweaty palms and late-night study sessions! This information will help you better understand how to ensure the future for yourself and your loved ones, take advantage of potential tax benefits, and leave a legacy to future Lasell students—perhaps by creating a named scholarship of your own.

Please call if you have questions or would like more information. I would be happy to work with you to design a gift arrangement that provides for you and your family and fulfills your charitable goals.



Cordially,

A handwritten signature in black ink that reads "Katharine Urner-Jones". The signature is fluid and cursive.

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De Witt Named Heritage Society Co-Chair *continued from cover*

look forward to working with Michael, the College's staff, and Lynn to build the membership of this special organization."

De Witt's involvement with the Heritage Society dates back to its creation, during his presidency, in 1991. "Margaret and I had come to appreciate Lasell's unique mission and the loyalty of its alumni and trustees," he says. "So, in addition to our ongoing outright support of the College, we hoped that our bequest would spur on others." And encourage participation the de Witt bequest did: The Society that began with fewer than 20 known alumni who had made provisions for Lasell in their Wills has now grown to well over 100.

To learn more about championing the next generation of Lasell students through the Lasell College Heritage Society, return the enclosed response card or contact Katharine Urner-Jones '83. (See contact information above.)

Take Your Next Step for a Year-End Gift:

Are you wondering what your best next step is? Maybe you'd like more information, or maybe you'd like to speak with us directly. Here are a few options:

1 Visit us online at www.lasell.edu.

2 Return the enclosed reply card to receive a free copy of our new booklet, *Year-End Giving: Building On the Basics 2011*.

3 Contact Katharine Urner-Jones '83 at (617) 243-2223 or e-mail at kurnerjones@lasell.edu for details (without obligation) and answers to your questions.

4 Join the Lasell College Heritage Society and help secure the future of Lasell College. Contact us to learn more about the benefits.



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