Planned Gifts That Count: For Campaign and Reunion
Smith College
November 6, 2015
Planned Giving and Reunion

- Grécourt Society membership

- Planned Gifts that Count for Reunion
  - Charitable Gift Annuities
  - Charitable Remainder Trusts
  - Reunion Bequest Intentions (50th reunion and after)
The Grécourt Society

- Smith’s honorary society for those who have made planned gifts to the college

- As of today, 2,133 living members

- Grécourt award goes to class with highest number of new members since last reunion

- ALL planned gifts qualify donor for Grécourt membership

- SOME planned gifts count for reunion & campaign
Gifts that count toward reunion totals

- Charitable Gift Annuities
- Bequest Intentions (50th Reunion & Later)
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Life Insurance
- Gifts of Real Estate
- Retained Life Estate
- IRA rollover gifts*
- Realized Bequests

*Now permanent!

Simplest and most common of these: Annuities & Bequest Intentions
A few key takeaways:

- Charitable Gift Annuities
- If you’re in your 50th reunion cycle or older: reunion bequest intentions
- IRA charitable rollover now permanent
- Now available: Charitable Remainder Trusts invested in the Smith College endowment
- Planned gifts should be made IN ADDITION to a Smith Fund gift, not in lieu of one!
What is a Charitable Gift Annuity ("CGA")?

- Smith’s most popular form of planned gift
- A great way to increase your class’s reunion gift NOW
- A CGA is a contract between a donor and a charity
- Donor donates cash or stock (and in rare cases, real estate) irrevocably to Smith
- Donor receives a current tax deduction
- Smith pays donor regular fixed income for life
- Upon termination, principal becomes available to Smith for use as designated by donor
Three Flavors of Charitable Gift Annuity

- Immediate Gift Annuity (standard)
- Deferred Payment Gift Annuities
- Flexible Deferred Payment Gift Annuity
Immediate Gift Annuities: Nan Borton ’62

- Served in the first cohort of the Peace Corps
- Spent a career in international service, culminating as head of international disaster relief for US government
- Wanted to make the biggest 50th reunion gift she could give, but needed to continue to get income from her assets
Nan establishes a Charitable Gift Annuity

- Gives at least $10,000 in cash or stock to Smith
- Receives a reliable fixed income for life
- Receives a substantial tax deduction at time of gift
- Annuity income is partially tax-free
- Principal will go toward scholarships for international students

Note: Two years later, Nan funded an additional annuity, still in time for her 50th.
Sample Charitable Gift Annuity rates (as of 10/22/15)

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate of Income</th>
</tr>
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<tbody>
<tr>
<td>60</td>
<td>4.4%</td>
</tr>
<tr>
<td>65</td>
<td>4.7%</td>
</tr>
<tr>
<td>70</td>
<td>5.1%</td>
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<tr>
<td>75</td>
<td>5.8%</td>
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<tr>
<td>80</td>
<td>6.8%</td>
</tr>
<tr>
<td>85</td>
<td>7.8%</td>
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</tbody>
</table>
Deferred Payment Gift Annuities:
Laura Brounstein ’84

- Laura was in her 25th reunion year
- Entrepreneur – loves the idea of a gift that also earns her income
- Laura is many years from retirement – doesn’t need the income now, but would like to maximize it later
Laura establishes a Deferred Payment Gift Annuity

- Makes a cash gift of at least $10,000 now
- Gets a substantial tax deduction now
- Will begin getting income at age 65 – income continues for life
- By virtue of waiting so long, her rate of income is greatly increased
- Principal designated to Smith for Museum and Athletics
- Income will be partially tax free
- The entire amount counts for 25th reunion

Since then, Laura has funded FOUR more deferred payment gift annuities – all of which counted toward her 30th reunion!
Sample Deferred Payment Gift Annuity rates (as of 10/22/15)

<table>
<thead>
<tr>
<th>Current Age</th>
<th>Income Deferred to Age</th>
<th>Rate of Income*</th>
</tr>
</thead>
<tbody>
<tr>
<td>50</td>
<td>60</td>
<td>6.0%</td>
</tr>
<tr>
<td>50</td>
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<td>7.5%</td>
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<tr>
<td>60</td>
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<td>5.5%</td>
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<tr>
<td>60</td>
<td>70</td>
<td>7.0%</td>
</tr>
<tr>
<td>65</td>
<td>70</td>
<td>5.9%</td>
</tr>
<tr>
<td>65</td>
<td>75</td>
<td>7.9%</td>
</tr>
</tbody>
</table>

* Income varies with exact date of birth and timing of gift
Flexible Gift Annuity: Karen Bopp ’68

- President of her class
- Karen isn’t sure when she will begin to need retirement income
- Karen wants to make the largest impact possible for future scholarship awardees – and the largest reunion gift possible
Karen Establishes Flexible Gift Annuity

- Made gift of at least $10,000
- Received immediate tax deduction
- Can start receiving income any time between ages 70 and 75
- The longer she waits, the higher her rate
- Income will be partially tax-free
- Principal will go to family fund for Ada Comstock Scholars
- Entire amount was credited to 45th reunion gift
50th Reunion (and later) Bequest Intention

- New Policy for Smith
- Started with Class of ’65
- Only applies to classes in their 50th reunion cycle or older
- Allows living donors to get reunion credit for charitable bequests in their will, trust, or retirement account
Reunion Bequest Intentions

<table>
<thead>
<tr>
<th>Requirement</th>
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<tbody>
<tr>
<td>Must be in 50&lt;sup&gt;th&lt;/sup&gt; reunion cycle or older</td>
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<tr>
<td>Bequest must be $10,000 or more</td>
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<tr>
<td>Smith Fund gift of $500 during reunion year</td>
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<tr>
<td>Must document with signed statement &amp; copy of will (or other document)</td>
</tr>
<tr>
<td>Discounted credit for amount of bequest</td>
</tr>
</tbody>
</table>
50th Reunion (and later) Bequest Intention: How to get credit?

- Document the bequest intention
  - Sign a Reunion Bequest Credit Sheet
  - Provide one additional form of documentation (photocopy of relevant section of will, etc.)
- Make a $500 Smith Fund gift during the reunion year
50th Reunion (and later) Bequest Intention: How much credit?

- How much to document?
  - Future plans are uncertain: so donor can claim as much as she is comfortable with
  - E.g.: Asset today is $500K, but donor may need some for future needs. May choose to seek credit for half.

- Credit is discounted based on age
  - Gift is far in future, reduced purchasing power
  - Uncertainty of “revocable” gifts
  - 50th reunion gets 50% credit
  - 55th reunion gets 55% credit
  - 60th reunion gets 60% credit
  - Etc.
Great news:
The IRA Charitable Rollover is now permanent

- Donor must be age 70-1/2 to qualify
- Donor may make a direct transfer from an IRA to Smith
- This transfer does count toward the donor’s required minimum distribution
- Donor does not get a tax deduction, but also does not have to declare the distribution as income
- Can be done for a maximum of $100,000 per person per year
Charitable Remainder Trusts

- Like an Annuity, but different
  - $100,000 minimum
  - Rate not based on age – typically 5% of principal, valued annually
  - So income is variable, not fixed
  - Requires legal document
Charitable Remainder Trusts – the big news

- Smith CRTs trusteeed & managed by BNY Mellon
- College has received IRS for Private Letter Ruling (PLR)
- Under PLR, trusts would be invested alongside Smith College Endowment
- Trust donors would share in growth of the Smith endowment
- Past results are no guarantee of future returns
- College Investment Committee has reduced expectations for future endowment performance

<table>
<thead>
<tr>
<th></th>
<th>Period ending 12/31/2015 (%, Net of Fees)</th>
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<tbody>
<tr>
<td></td>
<td>1 Year</td>
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<td>Smith Endowment</td>
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<td></td>
<td>1.9%</td>
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<tr>
<td>BNY Mellon Growth Portfolio</td>
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<tr>
<td></td>
<td>-1.5%</td>
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<tr>
<td>BNY Mellon Moderate Growth Portfolio</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-1.5%</td>
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</tbody>
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For More Information

Visit Smith’s Gift Planning Website:

smith.plannedgiving.org

Contact our office:

413-585-2051
gift_planning@smith.edu

Arrange a conference call with a gift planning staffer and your class’s fund team!
QUESTIONS???