INSPIRE.
EXCITE.
ENGAGE.

Volunteer Training
Alive and Kicking – and Giving!
September 12, 2014
Planned Giving and Reunion

- Grécourt Society membership

- Planned Gifts that Count for Reunion
  - Charitable Gift Annuities
  - 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, 2,250+ 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
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

*Awaiting legislative approval

Simplest and most common of these: Annuities & Bequest Intentions
If you remember three things from this presentation, remember:

- Charitable Gift Annuities
- If you’re in your 50th reunion cycle or older: reunion bequest intentions
- 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
- Got hooked on serving in developing countries
- Spent a career in international service, culminating as head of international disaster relief for US government
- Trained in use of sidearms, evasive driving maneuvers, and how to be a hostage
- 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 9/12/14)

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

- Laura was in her 25th reunion year
- Art lover, athlete while at Smith
- Both daughters athletes too
- 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 9/12/14)

<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>
<td>65</td>
<td>7.5%</td>
</tr>
<tr>
<td>60</td>
<td>65</td>
<td>5.5%</td>
</tr>
<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
- Mother never went to college
- Karen and her siblings established Mary C. Bopp Scholarship Fund for Ada Comstock Scholars
- 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
- Starting 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
# Bequest Intentions:

**Campaign credit versus Reunion-Only Credit**

<table>
<thead>
<tr>
<th>Campaign Credit</th>
<th>Reunion Credit Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Must be 75 by 12/31/16</td>
<td>Must be in 50(^{th}) reunion cycle or older</td>
</tr>
<tr>
<td>Bequest must be $1 million or more</td>
<td>Bequest must be $10,000 or more</td>
</tr>
<tr>
<td>Outright gift of $50,000</td>
<td>Smith Fund gift of $500 during reunion year</td>
</tr>
<tr>
<td>Must document with signed statement &amp; copy of will (or other doc)</td>
<td>Must document with signed statement &amp; copy of will (or other document)</td>
</tr>
<tr>
<td>Full credit for amount of bequest</td>
<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 claim?
  - 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.
The IRA Rollover

Uncertain if this will be possible this year or in future.

How it’s worked in the past:

- Donor is age 70-1/2 or older
- Holds IRA
- By law, must take required minimum distribution (RMD)
- Donor instructs IRA administrator to send $ directly to Smith
- Transfer satisfies RMD
- Transfer is not considered taxable income
- Can give up to $100,000 in a year

House has passed, Senate has not. May happen after November elections. Stay tuned!!!
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???