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UNIVERSITY
OF OREGON

F.O.C.U.S

ON CHARITABLE ESTATE PLANNING

SPRING 2007

OFFICE OF
GIFT PLANNING



Every ounce counts—Students weigh and record contributions to a WWII fat drive on campus. The government paid four cents and two red meat ration points for each pound of fat collected at the peak of the war effort. Hundreds of essential materials, from nitroglycerin to pharmaceuticals, were made from byproducts of recycled fats and oils.

Weighing in on Charitable Remainder Trusts

Despite its complicated sounding name, a charitable remainder trust (CRT) can be an easy and straightforward way to achieve your financial and charitable goals.

By transferring appreciated assets into a CRT, you will receive the following benefits:

- An immediate income tax charitable deduction for a portion of the contribution
- No capital gains tax when the CRT sells the asset
- Steady income for the term of the trust (typically, the lifetimes of two donors)
- Gift credit as a Campaign Oregon donor

Boost your retirement income

Many people set up CRTs while they are still in their peak earning years as a supplement to their retirement plans. CRTs can enable you to address many of your personal and financial goals.

End landlord hassles

Many longtime landlords would like to shed the responsibilities of property management by selling rental property. They realize the rent they receive is a small portion of the property value. However, if they sell, they will have to pay both federal (15 percent) and state capital gains taxes (9 percent). Contributing a rental property into a CRT allows donors to immediately save on taxes and increase their annual income.

Avoid capital gains on selling a business

Many donors sell their businesses to increase their cash flow. While they may look forward to a break after many years of hard work, they do not look forward to paying capital gains taxes. Putting a portion of your business into a CRT offers great tax savings and improves your cash flow in retirement.

Diversify your portfolio

Many investors have had the good fortune of seeing stock they hold greatly increase in value over the years. By transferring some of the appreciated stock into a CRT, you can diversify your holdings to lessen the risk that your overall portfolio may take a sudden dip should a stock

Remember When

1947 Bill Holcomb won Best Stubble at the annual sophomore fuzz fest, “The Whiskerino.”

1957 A national first: Oregon colleges linked together through TV and televised lecture classes.

1967 Nick Jones, a.k.a. Quick Nick the Prowling Cat, was the top scorer in hoops for the Ducks.



Gingham, polka dots, Jackie O sunglasses—and a hairstyle called “the flip,” a sixties classic that picked up where “the beehive” left off.

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greatly decline in price. Dorothy Goode (featured on page 3) chose to transfer some of her stock portfolio into a CRT.

Provide for your children

You can apply the great benefits from a CRT toward supporting your children. Here are some of the most common ways:

- Use the increased cash flow and tax savings to purchase a “wealth replacement” life insurance policy.
- Make annual gifts to your children with the increased cash flow and tax savings.
- Support your children during a critical point in their lives by identifying them as the income beneficiaries for a trust with a specified term of twenty years or less.

These are just some of the ways you can improve your finances by using a CRT to support the University of Oregon. When the trust’s term is up, the remaining principal will be distributed to university

programs as you have designated. Please get in touch with the Office of Gift Planning to explore how powerful giving tools like charitable remainder trusts can go to work for you.

Two donors age sixty-five own property worth \$500,000. The initial purchase price was \$100,000. Current annual net rental income is \$20,000.

	Option 1: Donors sell property on their own	Option 2: Donors contribute property into a CRT
Combined capital gains tax	\$96,000	\$0
Tax deduction	\$0	\$145,000*
Net balance to reinvest	\$404,000**	\$500,000**†
First-year income at 6% return	\$24,240	\$30,000

* savings of \$60,000 based on combined 41% tax bracket

** less commission and escrow fees

† this amount would be held by the CRT



“My income is back up where it needs to be.”

Dorothy Goode

More than half of today’s students are working their way through college. Dorothy Goode ’77, M.P.A. ’84, identifies with such students because it took her ten years to finish bachelor’s and master’s degrees taking one course per term while working full time at the University of Oregon.

Adjusting for inflation, the cost of a UO bachelor’s degree is now three times greater than when Dorothy earned hers. She and her late husband Lee decided to help students by using part of their estate to create University of Oregon scholarships.

Devoted Ducks

Dorothy met history student Lee Goode on a blind date in Klamath Falls one summer while he was home from college. They married following his graduation from the UO in 1954 and settled in Eugene.

Lee taught U.S. and A.P. modern European history at local high schools for more than thirty years, ending his career as the social science chair at Churchill High School. At the same time, Dorothy retired as UO

associate director of human resources, ending thirty-four years of service at the university.

The couple shared many passions, from fly fishing and gourmet cooking to their devotion to the University of Oregon. They became members of the Arnold Bennett Hall Society, which recognizes those who make bequests to the university through wills or trusts.

Planned Gift Boosts Cash Flow

After Lee died in 2005, Dorothy learned that her financial strategy would have to change in order to maintain her income at the same level as when he was alive. With help from the UO Office of Gift Planning and her financial adviser, Dorothy set up a charitable remainder unitrust that is providing her with annual payments for life plus a sizable tax deduction.

“My income is back up where it needs to be,” Dorothy said. “After my lifetime, the principal will fund Lee and Dorothy Goode Scholarships. I am so grateful to the UO gift planning staff for making every aspect of this process so pleasant and satisfying.”

Recent Estate Gifts

Beatrice Decker ’47 left, through a charitable remainder annuity trust, \$40,948 for the Beatrice Decker Family Scholarship Fund.

Howard E. Parcel ’34 left, through his will, \$1,000 to benefit the School of Law.

Marthe E. Smith ’48 left, through her trust, \$246,954 to the College of Arts and Sciences Scholarship Fund.



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Who was "Quick Nick the Prowling Cat?"
(Answer, Page 2)

F·O·C·U·S

ON CHARITABLE ESTATE PLANNING

SAVE THE DATE!

Arnold Bennett Hall
SOCIETY

On Sunday, July 15, President Dave Frohnmayer and the Office of Gift Planning will host an afternoon tea for members of the Arnold Bennett Hall Society prior to the final performance of the Oregon Bach Festival.

We call this a "tea" to reflect the elegance of the occasion. However, we assure you that the food will be plentiful and the event will not be too frilly.

NEWS FROM THE DIRECTOR

One of the joys of my position is seeing how the many gift planning options available can help donors achieve vastly different goals.

Some donors avoid capital gains taxes and create retirement income by using highly appreciated stock to fund a lifetime income gift. Other donors find ways to generate income needed to pay for college expenses. The possibilities seem endless

Please let me and my colleague, David Gant, illustrate how a planned gift can help you achieve your personal and philanthropic goals.

OFFICE OF GIFT PLANNING

(541) 346-1687 or (800) 289-2354

Fax: (541) 346-2574

E-mail: giftplan@uoregon.edu

giftplan.uoregon.edu