



The Founders Tower, which was the original cupola on Founders Hall, has been adopted as the logo for the Forum for Financial Planning newsletter.

The Tower, which served as a proud symbol of Ashland University from its beginning, now also serves as a symbol for the Founders Society.

Forum

for financial planning

WINTER 2003

AN INFORMATIONAL AND EDUCATIONAL PUBLICATION OF ASHLAND UNIVERSITY, ASHLAND THEOLOGICAL SEMINARY AND THE ASHBROOK CENTER

From the Editor

Paul Ditlevson

PHILANTHROPIC PLANNING IS MAKING A HUGE DIFFERENCE AT ASHLAND (AND IN OUR WORLD)

The ten-year recap of Legacy Estate Program's impact on Ashland University reveals that over \$30 million has been documented as being allocated to its future. Additionally, nearly \$12 million has been allocated by our Founders Society members to fully functioning endowment or special projects. This \$40+ million commitment has strengthened the University significantly. But the task remains to build upon this most excellent foundation.

Ashland friends and alumni have many times incorporated life-income agreements, such as charitable remainder and lead trusts, charitable gift annuities and pooled income funds into their gift planning. They have joined many other Americans in this worthy endeavor. To begin to get a grasp on the significance of these plans, a look at the IRS's latest figures shows that 113,075 Americans have pooled income funds and charitable lead and remainder trusts totaling \$94 billion (and this does not account for the huge number of charitable gift annuities). To picture graphically just what this means, you only have to know that a million dollars worth of \$1,000 bills (hard to find these days) makes a pile six inches high. However, a billion dollars worth of \$1,000 bills makes a pile as high as the Washington monument. So, it would take a pile of \$1,000 bills as high as 94 Washington Monuments to equal the amount that individuals have contributed to assist their families and their favorite charities. And, this does not account for the huge number of assets contributed to charitable gift annuities or outright bequests.

Now, we are on the threshold of even greater opportunity. Final enactment of the Care Act (currently overwhelmingly passed by both legislative chambers and supported by the President) could place further "gifting power" in the hands of generous Americans. According to the Federal Reserve Bank, over \$8.7 trillion is held in qualified plans, of which over \$2.5 trillion is in IRAs. The task to meet the charitable needs of our world is great. But, the resources are even greater, if we have the will, the vision and the generosity to meet the task.



The information in this publication is not intended as legal or tax advice. For legal advice, please contact an attorney. For information about taxes, please consult an accountant. You may also call the Legacy Estate Programs Office at 419-289-5090 or email: pditlevs@asbland.edu.



HOW YOU BENEFIT FROM GIVING REAL ESTATE

If you've owned your home or other real estate for a long time, no doubt it has increased in value appreciably. What happens if you sell the property?

In many circumstances, should you not meet the requirements of available tax breaks, you must pay capital gains tax on the property's appreciation. Plus, marketing and selling real estate take time and effort, even if you use professional assistance.

If you'd like to help meet our critical needs, your property opens the door to a unique giving opportunity: donate the property to Ashland University, Ashland Theological Seminary or The Ashbrook Center either now or whenever you no longer need it.

EXCEPTIONAL GIFT OPTIONS WITH BENEFITS FOR YOU

Perhaps you're ready to move into a smaller house, a condominium or a retirement home. Maybe you have a vacation home you no longer use. Possibly you'd like to give up farm life for a place in town.

Outright gift. The home you're leaving can be given to us outright. If you have owned it for more than a year, you receive a tax deduction for the full current market value (rather than your lower cost basis), and you avoid capital gains tax on the appreciation. Your gift is deductible up to 30 percent of your adjusted gross income, with a five-year carryover allowed for any excess.

Retention of your home. You may want to continue living in your home for your lifetime (with life use for your surviving spouse, too). You can still make the gift, deeding the property to us subject to your specifications about occupancy. You get a sizable, current income tax deduction based on the value of the property and your age (and your spouse's age).

Example: Jane, a widow, age 60, donates a remainder interest in her home, subject to her right to live there for life. At the time of her gift, the property had a market value of \$250,000 (the house \$200,000 and the land \$50,000). A gift planning professional, using the required IRS table to discount the gift based upon Jane's life expectancy and future depreciation of the house, determined her income tax charitable deduction to be approximately \$92,000.

Charitable remainder trust. Another alternative is to transfer your unmortgaged home or other unmortgaged real estate to a charitable remainder trust. This can be a productive gift for both of us, securing a life income for you and a survivor (such as your spouse), and providing Ashland University with much-needed assistance when the remainder comes to us at the termination of the trust. It works this way: Once property has been transferred to the trust, the trustee can then sell it and invest the proceeds in income-producing securities, which become the source for the income payments to you and any other recipient you name.

OTHER POSSIBLE REAL ESTATE GIFTS

A gift of real estate isn't limited to your main personal residence. If you own more than one home and one of them sits idle, or you prefer not to retain ownership of one of them for some reason, or you have a little-used vacation home, for instance, you have a potential gift of real estate.

If you're considering giving your farm, the gift of the acreage may include or exclude the farmhouse.

"Whatever you
spend is gone.

What you
keep, someone
else gets.

What you give
is yours
forever."

DR. WIL ROSE

IMPLICATIONS OF A SALE VERSUS A GIFT

When you sell your home, you can exclude up to \$250,000 of gain (\$500,000 if you're married), as long as the home was your principal residence for two of the last five years. However, this exclusion isn't available for a second home, a vacation home or a gift of a remainder interest. Moreover, your gain on a sale may exceed this amount, thereby generating some reportable capital gains. Furthermore, none of these sale options generates a charitable deduction like a gift to Ashland University does. When you give us real estate, you know your gift will serve our long-term goals while meeting your short- and long-term desires.

DOES YOUR HOME NEED A NEW HOME?

Your home has served you well. It has anchored your family's everyday life for many years. It has been a haven, making you feel safe and secure. It has been the scene of many happy times with family and friends – and now it is more than you need.

That description sounds familiar to many people. Often they have embarked on a new lifestyle, and their grown children are not interested in taking over the family homestead. Sometimes a move to a different climate or a retirement community is pending.

Yet a home is a significant part of a person's estate – in dollar terms as well as in the emotional sense. It is an asset from which you should – and can- derive some further benefit, even if you give it up.

TURN YOUR HOME INTO A CHARITABLE GIFT THAT ALSO BENEFITS YOU

You can use your home to create income, save taxes, reduce probate costs for your estate and serve a charitable purpose.

By transferring your home to a net income unitrust, naming us as the recipient of the remainder interest, you will

- make a significant gift which we can access after your lifetime;
- avoid capital gains tax on the increase in the value of the property since you bought it;
- receive an immediate income tax deduction for the value of the remainder interest;
- receive an income from the trust for the rest of your life;
- reduce probate costs by eliminating the property from your probate estate;
- relieve yourself of the responsibilities of either selling the property or maintaining it and paying property taxes.

The net income unitrust offers options you should consider. For example, it can be invested to produce income later in retirement, or it can benefit an additional life income recipient. Of course, a gift of your home can also be made through other charitable gift plans that afford you considerable tax benefits.

CHARITABLE BEQUESTS: A REFLECTION OF YOUR VALUES

If you're like most people, your first concern when planning your estate is to provide for your family members. But if your children are already financially secure, consider helping out Ashland University and/or Ashland Theological Seminary. Charitable giving through a bequest in a will or trust is the traditional way that Americans choose to support a worthy cause beyond their annual contributions.

Of course, you may not want to leave everything to Ashland instead you can bequeath a sum of cash or a particular asset. If you want to make certain a spouse or other survivor is provided for, your bequest can be contingent – payable only after that person is deceased.

There are many ways to carry out your benevolent desires. And you may wish to make your gift in memory of someone, either yourself or a person you cherish. We welcome the opportunity to recognize you and your loved ones.



"We make a living by what we get, but we make a life by what we give."

WINSTON
CHURCHILL



WAYS TO GIVE

A charitable bequest to Ashland may be expressed simply in terms of a specific dollar amount – a very desirable means. But perhaps other ways could be more appropriate in your circumstances.

Percentage of your estate. Your gift might be stated as a share or percentage of the residue of your estate – or the remainder of any trust you’ve created.

Specific asset. You could leave to us a valuable object or a parcel of real estate that you know could be especially useful to us.

For certain assets you bequeath, you will need to change the beneficiary designation form:

Retirement plan assets. You could name us as a beneficiary of a portion (or all) of your qualified plan or IRA. Unlike individuals, our nonprofit organization doesn’t pay income taxes on the proceeds.

Life insurance. You might designate us as the primary or contingent beneficiary of an existing or new life insurance policy.

Need our suggestions? We’ll be glad to help you determine a suitable and tax-wise bequest.

SAMPLE BEQUEST PROVISIONS

The provisions in your Will or Living Trust for making a gift to Ashland University, the Seminary or the Ashbrook Center will depend upon the type of gift and your own circumstances. The model provisions listed below may be helpful to you and your attorney. However, we would ask that you inform us of your plans so that we might not only recognize you as a member of our Founders Society but perhaps offer even further assistance in the planning process and the specific wording or direction of your gift.

THE UNRESTRICTED GIFT

I give to Ashland University, a non-profit 501(c)3 Corporation (Ashland Theological Seminary or Ashbrook Center), headquartered in Ashland, Ohio, the sum of \$ _____ (or _____ % of my estate; or the property described herein) for its general purposes.

GIFT FOR A SPECIFIC PURPOSE

I give to Ashland University, a non-profit 501(c)3 Corporation (Ashland Theological Seminary or Ashbrook Center), headquartered in Ashland, Ohio, the sum of \$ _____ (or _____ % of my estate; or the property described herein) to be used for _____ (specify the purpose).

SPECIFIC LEGACY

I bequeath my home, farm, livestock, car, trust, etc., to Ashland University, a non-profit 501(c)3 Corporation (Ashland Theological Seminary or Ashbrook Center), headquartered in Ashland, Ohio.

MEMORIAL FUND

I give to Ashland University, a non-profit 501(c)3 Corporation (Ashland Theological Seminary or Ashbrook Center), headquartered in Ashland, Ohio, the sum of \$ _____ (or property herein described), the same to be known as “The _____ Memorial Fund”, the income therefore shall be used for its general purposes (or describe the specific purpose, if desired).

RESIDUARY LEGATEE

All the rest, residue, and remainder of my estate, both real and personal, I give to Ashland University, a non-profit 501(c)3 Corporation (Ashland Theological Seminary or Ashbrook Center), headquartered in Ashland, Ohio, for its general purposes.

“You have not
lived until you
have done
something for
someone who
can never
repay you.”

JOHN BUNYAN