

Partners Through Giving

NEWS FROM YALE'S OFFICE OF PLANNED GIVING

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From the Director



During the past year, it has been evident that Yale's devoted and generous supporters remain committed to giving, even in the current economic environment. While contributions to the University are largely received in the form of cash and publicly traded securities, many donors are feeling less "liquid" and remain cautious about parting with certain holdings in their portfolio.

If you are looking for ways to sustain your charitable giving, it may help to be innovative when thinking about gifts to Yale.

Have you considered using real estate, personal property such as artwork, or a closely-held business interest as a way to make a gift?

My colleagues and I would be pleased to work with you and your financial advisors to explore strategic ideas that might help you meet your personal and philanthropic goals through gifts of "non-traditional" assets.

To learn more about the options described in this issue, and to see specific examples of the tax and income benefits associated with them, please contact us.

As always, we look forward to hearing from you.

With warm wishes and thanks for your continued loyalty to Yale.

Eileen B. Donahue
University Director of Planned Giving

"In addition to the personal financial security that my annuities provide, I am most gratified by the impact these gifts will have on the future of Yale."

—Anne B. Leonard, on the benefits both she and Yale receive from charitable gift annuities

Why I Give to Yale: James H. Clark '58

"There are several compelling reasons why I am making a gift of Josef Albers' painting on glass, *Skyscrapers A*, and *Study for Skyscrapers A* to the Yale University Art Gallery.

"First, Albers had such a tremendous impact on young artists during his tenure as a Yale dean and professor. *Skyscrapers A*, one of his earliest

creations, was purchased by my father before Albers became a renowned visual artist.

So another

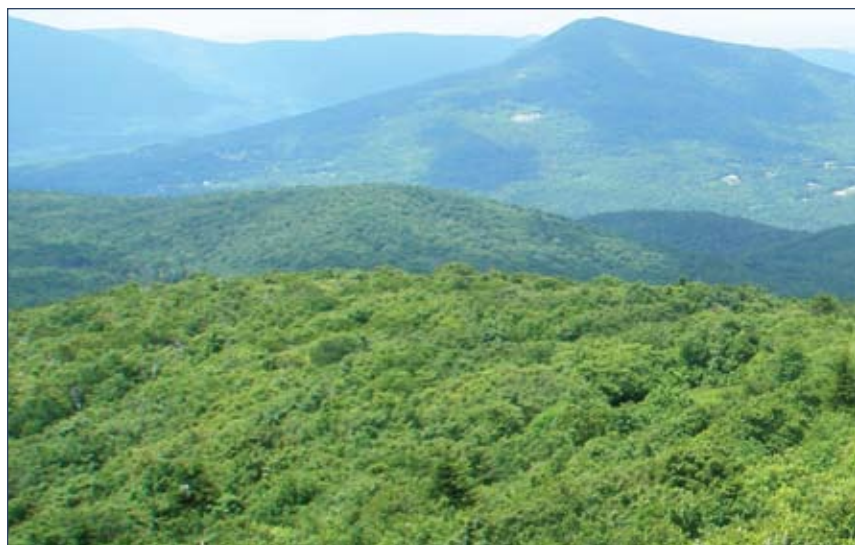
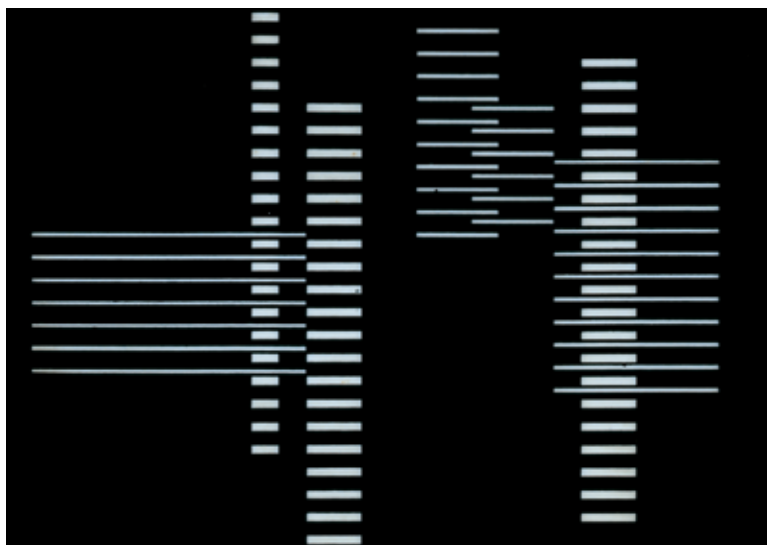
of my motivations is to honor my father's desire that this work ultimately reside in an educational institution.

"Included in the 2007 exhibition, *Art for Yale: Collecting for a New Century*, *Skyscrapers A* and the study drawing that inspired it will become part of the Gallery's permanent collection after my death. As my father hoped, these works will provide remarkable teaching opportunities, offering curators, students, and others a view into the artistic process.

"My family's participation in the arts at Yale enhanced our educational experiences immeasurably. My son, Cullum, Class of '89 and a member of the Gallery's Governing Board, shares my hope that this gift will have a similar impact on future generations of students. It is gratifying that our family can play a small role in strengthening the collection of the oldest university art museum in the Western hemisphere!"



Exploring Unique and Creative Ways to Give to Yale



Although charitable gifts are most commonly made in the form of cash and publicly traded securities, many donors have discovered that contributing other types of assets can simultaneously provide distinct tax advantages and meaningful support to Yale.

Real estate, personal property such as works of art, and privately held business interests are just a few examples of assets that can be given to the University in a variety of strategic ways.

REAL ESTATE Making a gift of your residence, second home, undeveloped land, or other type of marketable, environmentally sound real estate may be a way to positively impact the University and achieve important tax savings. If appreciated property (owned for more than one year) is donated to Yale, there is no realization of capital gain and in most cases you will be allowed a substantial income tax deduction equal to the property's fair market value. Once sold, the real estate's full value can be used to support an area of the University that is most in concert with your interests and goals.

Another way to make a gift of a personal residence (including a vacation home) or farm is by donating a remainder interest. This arrangement allows you to continue to use and enjoy the property during your lifetime, retaining responsibility for its maintenance and upkeep, including payment of real estate taxes. Upon your death (or sooner if you determine that you no longer need the property) it passes directly to the University. A gift of a remainder interest in your personal residence may generate a significant charitable income tax deduction at the time the gift is made, while allowing you to continue living in your home.

You may also use real estate to establish a charitable remainder trust. Besides an income stream for life and a charitable contribution deduction, there are additional tax and financial advantages to using real property in this manner.

PERSONAL PROPERTY Teaching and research at Yale are supported by the University's museums, libraries, and other extensive collections which have been enriched over the years

by numerous gifts of tangible property. You may have rare books, archival material, antiques, artwork, musical instruments, jewelry, or other items which have appreciated in value that you wish to donate to Yale. A gift of personal property for purposes related to Yale's educational mission may generate an income tax deduction equal to the property's current fair market value. In addition, you avoid any capital gains tax liability that would be incurred if the property were sold. Whether you are considering donating a sculpture, rare musical instrument, or first edition, your gift will first be reviewed by a curator, archivist, or librarian who specializes in that particular collection. In this way, both you and Yale can be assured that your gift will be put to its most appropriate use.

PRIVATELY HELD BUSINESS INTERESTS Many of Yale's alumni and friends hold assets in the form of private business interests, such as shares of closely held corporations or partnerships. Because these interests often have a low cost basis, they can provide an effective and tax-efficient method for making gifts. By donating them to Yale, there may be significant capital gains tax savings, coupled with the ability to claim a tax deduction related to the asset's current market value. Yale has the ability to manage assets that are not readily marketable for optimal return. And while contributions of this nature can sometimes be complex, the University can assist in guiding you and your advisors through the gift process.

Yale is deeply grateful to all of our generous alumni, family, and friends for their loyal support. If you are interested in exploring creative and strategic gift options, please contact us. We look forward to working with you and your advisors.



Opposite page: Josef Albers' *Skyscrapers A*, a gift from James H. Clark '58 Above: The land outside Adirondack Park that was donated by Brian W. Lerich '69

Funding a Charitable Remainder Trust with Real Estate

Brian W. Lerich '69 describes his experience donating his real estate to a charitable remainder unitrust:

"In 1997, I became the 'proud' owner of a beautiful tract of forestland just outside of the Adirondack Park in New York. The land was well-stocked with a mix of softwood and hardwood timber, remote and beautiful, but with good access for forest management and recreational use.



"Ten years later, after retiring from teaching, I evaluated my personal situation and need for income. I would only receive occasional revenue from forestry operations by holding the land, but

due to my low cost basis, I would incur significant capital gains tax by selling it.

"The solution was to establish a "flip" charitable remainder unitrust (CRUT). I donated the land to the trust, which sold it without any tax liability. Moreover, I was able to claim a partial tax deduction for the value of the land contributed, which I could carry over for several years. Yale agreed to serve as successor trustee, handling administration of the trust and investing the sale proceeds. I receive a regular income based on a percentage of the trust's annual value for the rest of my life.

"I named the University as a significant irrevocable beneficiary of the trust. This was quite consistent with my values, as I believe Yale lives up to its motto 'Lux et Veritas.' Through its excellence in teaching and research, Yale continues to be one of the world's great and enduring universities."

Stewarding Special Gifts to Yale

During his more than twelve years at Yale, Scott Hunter has dealt with a myriad of non-traditional gifts to the University. For example, gifts of real estate, interests in oil and gas wells, royalties from literary and musical works—and artwork, jewelry, and other collectibles not related to Yale's educational mission—are all in a day's work for Scott.

While gifts of real estate typically consist of personal residences, Yale has also received properties ranging from an exotic foreign hotel and resort to commercial office buildings.



Working with colleagues in the Office of Planned Giving, the Investments Office, and across the University, Scott seeks to maximize the return from this important revenue stream to help fund Yale's academic programs.

Although the University is not able to accept every gift it is offered, Yale has the expertise and resources to manage and maximize the values from a wide range of assets.

Did You Know?

You can give many kinds of marketable, appreciated property—closely-held stock, real estate, or partnership interests—to a charitable remainder unitrust and obtain significant tax and income benefits.

You may be able to receive income for life, or for a term of years, plus an immediate charitable deduction, avoid capital gains tax, and benefit Yale at the same time.

NOTE ON QUALIFIED APPRAISALS: For non-cash gifts valued at more than \$5,000 (other than publicly traded securities) and closely held stock worth more than \$10,000, a donor is required to obtain a qualified appraisal that meets specific IRS requirements. An appraisal summary must be attached to the donor's tax return as part of Form 8283. Form 8283 must also be filed for all non-cash gifts over \$500, even if no appraisal is required.

Yale Office of Planned Giving

UNIVERSITY DIRECTOR

Eileen B. Donahue

eileen.donahue@yale.edu

DEPUTY DIRECTOR

Mary Beth Congdon

marybeth.congdon@yale.edu

ASSOCIATE DIRECTOR

Carrie M. Lovelace

carrie.lovelace@yale.edu

PLANNED GIVING SPECIALISTS

Ellen Hope-Ross

ellen.hope-ross@yale.edu

Betsy Gorecki

betsy.gorecki@yale.edu

Angelica T. Ko

angelica.ko@yale.edu

www.yale.planyourlegacy.org

A Note from a Yale Legacy Partner



“Each time I visit Yale, I feel as if I am truly coming home. As a member of Yale Legacy Partners, I gather on campus each spring with fellow alumni, family, and friends who have made a bequest or other planned gift to the University. More than ten years ago, my now late husband, Jim, and I made a gift of stock to the University in exchange for fixed lifetime payments through a simple life income plan called a charitable gift annuity. Since then, I have established three additional gift annuities with Yale.

“In addition to the personal financial security that my annuities provide, I am most gratified by the impact these gifts will have on the future of Yale. I can't help but be reminded of how much Yale meant to Jim. He would take great satisfaction in knowing that our contributions will ultimately support the education of tomorrow's leaders.”

—Anne B. Leonard, Widow of James G. Leonard, Yale College Class of 1939

The Yale Legacy Partners annual luncheon will take place on campus, Friday, May 7, 2010, in the recently opened Maurice R. Greenberg International Conference Center.

Photo credits: James H. Clark '58, Anne B. Leonard w '39, Brian W. Lerich '69, Michael Marsland



Partners Through Giving is published by the Yale Office of Planned Giving. Please direct any comments to Mary Beth Congdon, editor, at marybeth.congdon@yale.edu

development.plannedgiving@yale.edu

E-MAIL

203.432.5685

FAX

800.445.6086

TELEPHONE

GENERAL PLANNED GIVING CONTACT INFORMATION

NON-PROFIT
U.S. Postage
PAID
New Haven, CT
Permit No. 526

Yale University
Office of Planned Giving
P O Box 2038
New Haven CT 06521-2038
YALE >>> TOMORROW