

Magis

“Doing More for Others”

SPRING 2011

Gift Planning
Options for You

Myrtle Kilcrease

Keeping education
alive with an annuity



Myrtle Kilcrease (MEd '77)

Myrrtle Kilcrease (MEd '77) has always been passionate about preparing the next generation for tomorrow's

challenges. A Chicago Public School teacher for more than 30 years, she was also instrumental in expanding the methods educators used to teach reading. Now retired, Kilcrease is still looking toward the future—through a charitable gift annuity she created for Loyola's School of Education to assist tomorrow's teachers in their pursuit of higher education.

A Kentucky native, Kilcrease always knew she wanted to be a teacher. Moving to Chicago to begin her career, she spent 14 years at Hookway Elementary School on Chicago's South Side. There she taught grades ranging from kindergarten to fourth grade and served as an intensive reading-improvement teacher.

In the early 1970s, the school system developed a reading-resource program designed to retrain teachers. "My principal chose me to be part of the program, and we conducted citywide seminars to train teachers in different methods of teaching reading," says Kilcrease.

It was also in the 1970s that Kilcrease focused on her own education—earning a master's degree through Chicago's Consortium of Universities and Colleges, which included Loyola, DePaul, and Concordia. "Most of my master's degree program was completed at Loyola, where I learned creative ideas that added a new dimension to the reading-resource program," she says.

One of Kilcrease's fondest memories of her time at Loyola was the opportunity to attend a summer program at the University of London, where she was able to compare the differences between the American and British school systems, as well as to travel in the British Isles and France.

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The charitable gift annuity: benefit from your generosity

Charitable giving doesn't have to be a one-way proposition. It is possible to make a charitable gift and actually have an income stream flow back to you—all while generating valuable income-tax benefits.

Numerous charitable strategies allow you to realize such benefits. One of the oldest—and one of the most popular—is the charitable gift annuity.

In this issue of *Magis*, we explore in the informative question-and-answer format how gift annuities work and some of the tremendous planning opportunities they present.

Q. What exactly is a charitable gift annuity?

A: At its heart, a gift annuity is simply a contract between a donor and a charity such as Loyola University Chicago. In exchange for a gift of a specified amount, we agree to make specified annual payments for life to one or two beneficiaries (annuitants).

Q. Are the funds I contribute for a gift annuity set aside and invested to secure my annual income payments?

A: Actually, the annuitant's security goes far beyond the specific funds contributed for a gift annuity. Our obligation to make gift annuity payments is backed by all the assets of Loyola, not just the amount contributed for any individual gift annuity.

Q. How are the payout rates determined?

A: All charities are free to set the rates they offer, as long as the rates comply with any applicable state regulations. Generally, charities choose to follow the schedule of recommended maximum rates published by the American Council on Gift Annuities. The chart on page 3 shows the most recent rates recommended for annuitants of various representative ages.

The charitable IRA rollover is back!

President Obama signed legislation extending the charitable IRA rollover to December 31, 2011, which gives you a golden opportunity to make a charitable gift from your IRA and exclude that amount from your gross income while making an immediate impact at Loyola, allowing you to witness the benefits of your generosity. Since this gift amount will be excluded from your gross income, no charitable income-tax deduction is allowed. To qualify:

- You must be 70½ years of age or older;
- Transfers must go directly from your IRA to this qualified charity;
- The transfer cannot exceed \$100,000; and
- Your gift must be made outright.*

**Transfers to charitable remainder trusts or charitable gift annuities do not qualify.*

SAMPLE BENEFITS OF A \$10,000 GIFT ANNUITY

AGE(S)	PAYOUT RATE	TOTAL ANNUAL INCOME	TAX-FREE PORTION	REPRESENTATIVE CHARITABLE DEDUCTION
One annuitant				
60	5.2%	\$520	\$348	\$1,619
65	5.5%	\$550	\$383	\$2,382
70	5.8%	\$580	\$422	\$3,289
75	6.4%	\$640	\$483	\$4,016
80	7.2%	\$720	\$561	\$4,728
85	8.1%	\$810	\$663	\$5,493
Two annuitants				
65-65	5.1%	\$510	\$352	\$1,229
70-70	5.4%	\$540	\$388	\$2,050
75-75	5.7%	\$570	\$425	\$3,034
80-80	6.3%	\$630	\$488	\$3,811
85-85	7.1%	\$710	\$572	\$4,573

Calculations are based on quarterly payout and a discount rate of 2.4%.

Q. I am married. Can income payments be made as long as either one of us is alive?

A: Absolutely. A gift annuity can be created to pay one or two annuitants for life. It can pay either the donor or the donor and his or her spouse jointly and then the survivor.

Q. How is my charitable tax deduction determined?

A: The charitable deduction is equal to the difference between the amount of the contribution and the value of payments to the annuitant(s). Deductions are lower for younger people because they are likely to live longer. Similarly, deductions are lower when there are two annuitants rather than one.

Q. How are the gift annuity payouts I receive taxed?

A: For tax purposes, a gift annuity contribution is treated as part gift and part purchase of an annuity. The gift portion is the amount deductible the year you create the gift annuity.

The balance is treated as the purchase price for the annuity. It is treated as a return of your original “investment” and comes back to you tax-free over your life expectancy.

Q. Can I give stock instead?

A: Most definitely. If you own stock for more than 12 months, any gain you realize on its sale would be subject to capital-gains tax at rates up to 15 percent.

On the other hand, if you use appreciated stock to fund a gift annuity and retain annual payments for yourself, only a portion of the gain would be taxable—and recognizable in equal amounts over your life expectancy.

Q. I really don't want or need any additional income now. Can I make a current gift and delay receiving the income?

A: The answer is “Yes!” on both counts. This is known as a “deferred” charitable gift annuity. You can make a gift now and designate the time in the future when income payments are to begin.

Next Steps: For more information, return the attached reply card to receive a copy of our new booklet, ***The Charitable Gift Annuity: Guaranteed Income for Life***, or contact us at:

- LUC.edu/plannedgiving
- 800.424.1513
- plannedgiving@luc.edu

SAVE THE DATE

Pippin Curtain Call

Sunday, April 10, 2011
Centennial Forum Student Union
Lake Shore Campus
12:30 Reception
2:00 Performance

Join other members of the Society of the Shield for a special reception and Department of Fine & Performing Arts performance of the award-winning musical *Pippin*.



For more information or to RSVP, call 312.915.6737 or visit LUC.edu/SOSEvents.

10th Annual Founders' Dinner

Saturday, June 11, 2011
Lake Shore Campus

Please visit LUC.edu/founders and vote on which song from past Founders' Dinners you'd like to hear at this year's event. Voting enters you into a drawing to win two free tickets to the 2011 Founders' Dinner!

For more information, call 312.915.7662 or visit LUC.edu/founders.

BE IN TOUCH



Ready to help

When you have questions about making a gift to Loyola University Chicago, the Planned Giving team is ready to answer them. Please call or write us.

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Magis is published by the Office of Planned Giving at Loyola University Chicago on a periodic basis. This publication illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

The information contained herein is offered for general informational and educational purposes. The figures cited in the examples and illustrations are accurate at the time of writing and are based on federal law as well as IRS discount rates that change monthly. State law may affect the results illustrated.

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I'd like to know more about

- Ways to provide income for myself and/or others.
 - Including Loyola University Chicago in my estate plan.
 - Loyola's planned giving society, the Society of the Shield.
-

- I have included Loyola University Chicago in my estate plan.
- Please send me a complimentary copy of the booklet, *The Charitable Gift Annuity: Guaranteed Income for Life*.

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Find old classmates, get the latest Loyola news, and hear about LUC events taking place all over the country at the official LUC Facebook page.

You can check it out at facebook.com/LUCalumni.

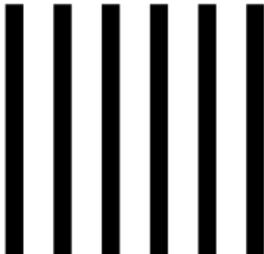
If you aren't a Facebook user, you can still read the news and updates and check out the photos. If you are on Facebook, "like" us to show your love for Loyola and stay in touch!

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Myrtle Kilcrease... *continued from cover*

Kilcrease's impact on the students at Hookway Elementary was a powerful one, felt years later. In the mid-1970s, the school's PTA honored her as an outstanding teacher, and more than 20 years after teaching a combined second- and third-grade class, those students gathered at a reunion to express their appreciation to her. "Hearing about the impact I had on their lives so many years later was very rewarding."

Kilcrease's commitment to higher education was a key factor in her decision to establish the gift annuity, which will benefit Loyola's School of Education. "It's important to get the very best people in any field, especially education," she explains. "I hope this annuity will help students to do their best... and when they complete their formal studies, I hope that they, too, will give back to Loyola so that we keep the spirit of education alive."

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► Myrtle Kilcrease created a legacy to support tomorrow's teachers. Contact us to find out how you can create your own legacy of giving.

SEE THE WORLD WITH LOYOLA!



The Loyola Travel Program whisks alumni away to exciting destinations all around the world. Our trips are open to all travel enthusiasts including alumni, family members and friends of graduates, and friends of the University. Some of our upcoming destinations include:

- Chianti and the Italian Riviera: September 26–October 5, 2011
- Paris and the Villages and Vineyards of France: October 6–16, 2011
- Tuscany—Cortona and Florence: October 25–November 3, 2011

For more information, visit LUC.edu/alumni/travel.

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