STUDENT PROFILE

ESTATE GIFT CREATES CHEMISTRY SCHOLARSHIP

DENIS CIPURKO (CLASS OF 2019) • **HOMETOWN:** LONG GROVE, IL

The education that the late Robert R. Otremba (BS '49, MS '63) received at Loyola had a profound impact on his life. After earning two degrees in chemistry, he dedicated his career to making advancements in the field of environmental chemistry and later teaching at the college level. In gratitude, he supported Loyola through his estate plans and named the Department of Chemistry the sole remainder beneficiary of his estate. His $2.5 million estate gift to Loyola funds several scholarships, including the Robert R. Otremba Scholarship. One recipient this year is Denis Cipurko, a freshman majoring in biochemistry.

Q: What does the Robert R. Otremba Chemistry Scholarship mean to you?

This scholarship provided by Mr. Otremba's generous estate gift is a tremendous help. My family does not have the means to pay for my college education without taking out significant loans. With this scholarship, achieving financial stability is more feasible for us, and there's far less uncertainty about my ability to finish my education here at Loyola.

Q: What experiences have helped shape you thus far?

I am involved in the New Life Volunteering Society, where I tutor underprivileged inner-city kids. It is extremely rewarding to pass on the information and experiences that I have to young people who have not had the chance to learn and experience the same things yet. At the American Medical Student Association, I am honored to serve as the assistant director of the community outreach committee. During breaks, I also volunteer at area hospitals. And I have experience as a martial arts head instructor.

Q: What are your future ambitions?

I am a freshman majoring in biochemistry and potentially molecular biology with a pre-health track. My ambition at Loyola is to be an exceptional biochemistry scholar and become deeply involved with bacterial physiology research. Research in particular would not have been a feasible option for me without the support of this scholarship. Beyond Loyola, I hope to get accepted into medical school and become a practicing physician and a research oncologist.

LEGACY SOCIETY

Society of the Shield

Loyola's legacy society honors and recognizes alumni, friends, and parents who have generously supported any program at Loyola University Chicago through their estate plans or by making a deferred gift, such as a charitable remainder trust or gift annuity. For more information about membership, please contact the Office of Gift Planning at 800.424.1513 or e-mail giftplanning@LUC.edu.

> LUC.EDU/SHIELD

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LOYOLA UNIVERSITY CHICAGO

OFFICE OF GIFT PLANNING
820 N. Michigan Avenue
Chicago, IL 60611

Ready to help

When you have questions about making a gift to Loyola University Chicago, the Gift Planning team is ready to help. We welcome the opportunity to answer your questions. Please call or write us!

To browse more resources, please visit our website at **LUC.edu/giftplanning.**

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LOYOLA

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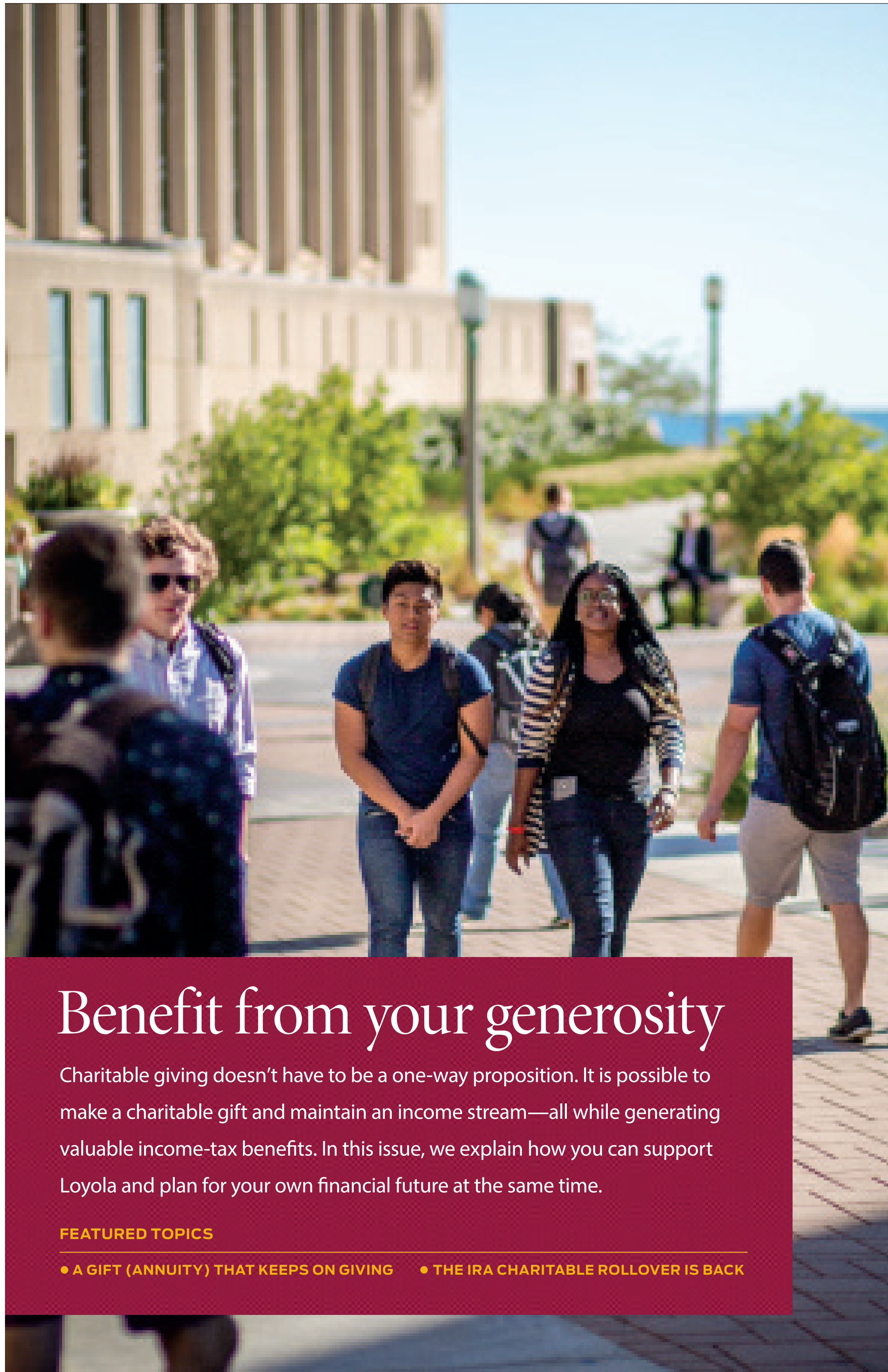
LOYOLA LEGACY

GIFT PLANNING OPTIONS FOR YOU — SPRING/SUMMER 2016



Benefit from your generosity

Charitable giving doesn't have to be a one-way proposition. It is possible to make a charitable gift and maintain an income stream—all while generating valuable income-tax benefits. In this issue, we explain how you can support Loyola and plan for your own financial future at the same time.

FEATURED TOPICS

- A GIFT (ANNUITY) THAT KEEPS ON GIVING
- THE IRA CHARITABLE ROLLOVER IS BACK

A GIFT (ANNUITY) THAT KEEPS ON GIVING

A charitable gift annuity, as the name suggests, is part *gift*—a contribution of money or property to Loyola—and part *annuity*—an arrangement where the University agrees to pay your designated annuitant(s) fixed payments for life.

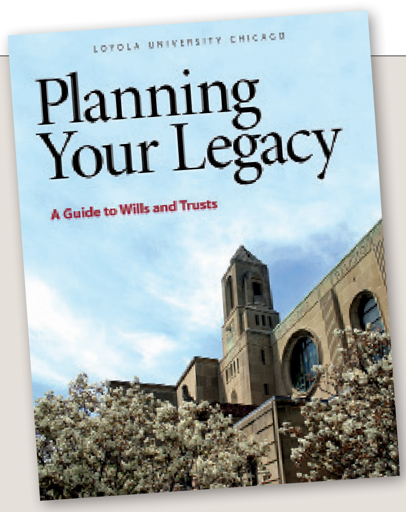
This annuity concept is familiar to many who remember what it was like before the advent of IRAs and 401(k)s. In those days, most people could count on a comfortable old age only if they "did it themselves." Commercial annuities were sold as a way to accomplish individual retirement programs; people deposited money with a company in exchange for the assurance that they would never run out of income.

This gift component is very important, because it generates two significant tax benefits.

In this respect, a gift annuity is not so different from those commercial annuities. In exchange for a sum of money transferred to Loyola by a donor, Loyola agrees to pay the designated annuitant(s)—usually the donor or the donor and a spouse—a set annuity for life. These payments are backed by the full assets of the University. As with a commercial annuity, a portion of the annual payment—sometimes a substantial portion—is tax-free over the annuitant's life expectancy as a return of investment.

But here the similarity with a commercial annuity ends. As the name implies, a gift annuity is also part gift. When the last beneficiary has passed on, Loyola receives the funds remaining in the annuity account.

This gift component is very important, because it generates two significant tax benefits. First, since a portion of the gift is treated as a charitable contribution, the donor gets an immediate income-tax deduction. Second, if long-term capital-gain property is used to fund the gift annuity, then part of the gain escapes taxation, and the rest can be spread over the donor/annuitant's life expectancy.



Request our free planning guide, *Planning Your Legacy: A Guide to Wills and Trusts*

To receive a copy of this helpful and practical workbook, please choose one of the following options:

- Call the Office of Gift Planning at 800.424.1513
- Request information online at **LUC.edu/giftplanning**
- Return the enclosed reply card
- E-mail giftplanning@LUC.edu

YOUR ANNUITY PAYMENTS

The payments are a fixed amount and generally depend on the number (up to two) and age(s) of the beneficiary(ies). For instance, income would be higher for an annuity payable for life to one person, age 70, than to a couple, both 70, because of the longer combined life expectancies of the couple.

$25,000 GIFT ANNUITY

AGE	ANNUITY PAYMENT	TAX-FREE PORTION	CHARITABLE DEDUCTION
60	$1,100	$770	$6,456
65	$1,175	$851	$8,078
70	$1,275	$959	$9,752
75	$1,450	$1,124	$11,066
80	$1,700	$1,355	$12,270

EXAMPLE: John and Mary, both 75, make a gift of $25,000 in return for an annuity of $1,250 per year as long as either of them lives. The gift generates a current income-tax deduction of $9,237. A portion of the annual income is tax free. For the remainder of their life expectancies, $961 of the $1,250 annual payments John and Mary receive will be tax free.

A gift annuity also offers the opportunity to reduce capital-gain tax when long-term appreciated property is used to fund it. And the reduced amount of tax that is payable can be spread over the donor's life expectancy.

EXAMPLE: Fred, 73, owns stock worth $25,000 that he bought nine years ago for $12,500. If he sells the stock, he will realize a gain of $12,500 and will owe $1,875 in capital-gain tax at the 15% rate.

Instead, Fred uses the stock to fund a gift annuity that will pay him $1,375 per year for life. By doing so, Fred has to recognize only $7,239 of gain, and he can spread that over his life expectancy of 13.8 years at a rate of $525 per year. Plus he receives a charitable deduction of $10,522.

How is the charitable tax deduction for my gift determined?

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.

Because of its simplicity, a gift annuity typically does not require a great deal of time or expense to complete, making it suitable for gifts of any size and providing several benefits to the donor. Sometimes a gift annuity can be the best choice for the largest gifts.

IRA NEWS

The IRA Charitable Rollover is back—and this time it is permanent!

Charitably minded taxpayers have enthusiastically embraced the IRA charitable rollover as an opportunity to transfer up to $100,000 each year to charity without it being treated as a taxable distribution. Despite its popularity since being introduced in 2006, the IRA charitable rollover has faced extinction several times and had actually expired on December 31, 2013. Now it has been reinstituted and made permanent.

YOUR GIFT QUALIFIES FOR BENEFITS IF:

- You are 70½ or older at the time of your gift
- The transfer is made directly from your IRA to Loyola
- Your total IRA gift(s) does not exceed $100,000
- Your gift is made outright

DIRECT GIFTS FROM YOUR IRA TO LOYOLA CAN:

- Be an easy and convenient way to make a gift from one of your major assets
- Be excluded from your gross income: a tax-free rollover
- Count toward your required minimum distribution

TWO WAYS TO MAKE A GIFT FROM YOUR IRA INCLUDE:

ONE-STEP GIFT. If you meet the above conditions and make a transfer from your **IRA** to **Loyola,** your transfer will be treated as a qualified rollover.

TWO-STEP GIFT. If you own **appreciated securities** outside your IRA, consider giving some of those securities to the **University**, and then take a **cash distribution** from your **IRA** to replace those securities or purchase other investments. You obtain a stepped-up cost basis, and you receive a deduction that can be used to offset the taxable distribution.

If a gift from your IRA doesn't qualify now, keep these benefits in mind while making your future philanthropic and financial plans.

TAKE THE NEXT STEP:

- Visit us online at LUC.edu/giftplanning
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- E-mail us at giftplanning@LUC.edu