

Planning Your Future

For many, welcoming a new year signifies the opportunity for a fresh start, to try new things and make new commitments. It often provides the inspiration needed to overcome the hardest part of reaching these new objectives – starting.

Starting your financial planning can feel like an overwhelming task especially today as the impact of the new tax reform law is currently unclear. While some charitable giving tax benefits may be changing, others remain the same – and all of your gifts make a difference at Manchester University.

Some benefits that are not changing include the following:

1. IRA Rollover Gift

If you are 70 1/2 or older you can avoid extra income this year by making a gift to us from your IRA.

2. Gift of Securities

Gifts of appreciated capital like stock can benefit Manchester while helping you avoid the capital gains tax on the increased value of that stock.

3. Life Insurance Gift

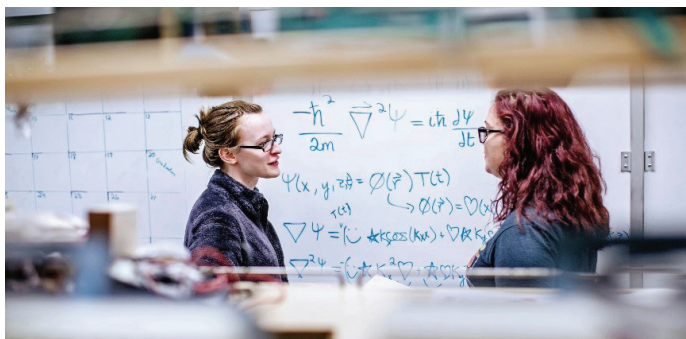
You can gift Manchester an old or unneeded life insurance policy by contributing the cash balance, gifting the policy to Manchester or naming Manchester as the beneficiary of your policy.

4. Life Income Gift

Invest in a charitable gift annuity or remainder trust and receive lifetime payments while supporting the mission of Manchester.

5. Charitable Bequest

Make a gift to support our work that costs you nothing today. A written will or trust can help you care for your loved ones and the students of Manchester University long after you are gone.



Manchester donor dollars make possible rich experiences and activities for Manchester students.

IRA Rollover

If you own an IRA and are 70 ½ or older, you must withdraw a certain amount of money each year, referred to as the required minimum distribution (RMD). The IRA charitable rollover gives you a way to reduce your taxable income and meet your RMD. Simply direct your IRA administrator to distribute a gift from your IRA directly to a qualified tax exempt organization like Manchester University. Reduce your taxable income, even if you do not itemize deductions, while providing a meaningful gift that helps a new generation of students discover their best selves.

It's Easy To Do!

- Contact your IRA administrator. With the popularity of the IRA rollover, most administrators provide forms and a procedure to help you make a rollover gift.
- You can direct a transfer of up to \$100,000 to be made this year from your IRA to a qualified organization like Manchester University.
- You can direct your gift to the Manchester Fund, endow a scholarship, support one of our capital projects or give to an area of your choosing.

Gift of Assets

A gift of appreciated assets, like stock, offers an opportunity to maximize your impact on the students of Manchester University. This tool provides the same tax benefits as a cash gift but you also avoid paying any capital gains on the asset. It allows you to provide meaningful support with no cash out-of-pocket. As a

result, some donors have given much more than they initially thought they could. Contributions like these can become student scholarships, program endowments or a space named after a favorite professor.

The IRS defines a capital asset as almost anything you own. Examples include:

Stocks
Real estate
Furniture
Collections (stamps or coins)
Jewelry

Life Insurance Gifts

Life insurance is another simple yet powerful way to contribute regardless of the tax code changes and it is a great bargain right now. Because of increased competition in the industry, life insurance is an incredibly efficient way to provide for your family, or build a charitable legacy in your name. In addition to lower premiums for life insurance, competition also means that more kinds of life insurance are now available. There are plans and policies available to fit almost any situation. And even those who thought they were uninsurable may find coverage easier to obtain.

Making a gift of Life Insurance

It's easy to make an outright gift of a life insurance policy. Simply contact your insurance company and fill out the proper change of ownership form, designating Manchester University as the new owner. If we decide to hold onto the policy, you may make cash contributions each year to cover the policy premiums. You will be entitled to an additional charitable income tax deduction for each of these gifts.

Bequest of Insurance

Life insurance proceeds can make a wonderful gift to charity. The gift of life insurance can be made by simply naming us as the beneficiary of your policy. Your life insurance proceeds will help further our good work and your estate will benefit from an estate tax charitable deduction based on the value of the proceeds paid.

Life Income Gifts

The most common life income gifts include the charitable gift annuity and the charitable remainder trust. Both provide an income tax deduction at the time your gift is made, you avoid the capital gains tax when



you use an appreciated asset to fund the annuity or trust, and you have flexibility in who you want to benefit and for how long.

Charitable Gift Annuity

- A charitable gift annuity is a contract between you and Manchester University. You make a financial contribution to Manchester through a gift of cash, stock, or other appreciated assets. In exchange, Manchester signs an annuity contract that promises to make fixed payments to you for your lifetime at a rate that is the same today as it is tomorrow.
- While stock investments that follow the flow of the market and CD payout rates are near record lows, the payout rate of a CGA is fixed and never changes – regardless of what the economy does.
- The payout rate is based on your age and a portion of each payment may be tax free.
- You will receive a charitable income tax deduction for a portion of the initial contribution given and, if your gift is funded with stock or other appreciated property, a portion of your income will be taxed at lower capital gains rates.
- You can create an annuity that will pay income to you alone or to you and another person. It could be for you and a spouse, another family member or even a friend. The payment rate is based on the combination of the two ages and the payments are fixed for life.

Charitable Remainder Trust

- A charitable remainder trust permits you to make a gift of your appreciated property and receive payments for life, two lives or a term of years.
- The trust will sell your property tax-free and then reinvest the proceeds from the sale of your asset, typically in an income-producing portfolio of stocks and bonds. In most cases, the goal is to invest for growth. Assuming the trust return exceeds what is paid out, the trust may grow, in which case your income would increase over time.
- A CRT allows for either a fixed annuity amount or a trust amount that changes every year.
- By establishing a CRT, you can bypass capital gains tax, and you receive a charitable income tax deduction in the year the trust is created.

Charitable Bequest

A bequest is flexible – You can make a gift today by including a provision in your will and change your mind anytime in the future.

- With a bequest, you can give as much or as little as you want to Manchester through your will without impacting your lifestyle today.
- You may continue to benefit from and make use of your assets (your home, stocks, IRA, etc.) during your lifetime, since the gift is made when you pass away.
- It typically costs you nothing to add a charitable bequest to your first will or at a later date when you decide to update your plan.

The Manchester University Office of Advancement has put together an estate planning guide, *Provide & Protect*, to help you easily gather the information necessary to create your plan. To request your free copy please visit our website at plannedgiving.manchester.edu or contact Amanda Kreps at 260-982-5221 or arkreps@manchester.edu.

If you have already included Manchester University in your estate plan, please let us know so that we can make sure your gift goes to help the causes that mean the most to you.

