



The majestic Old Oak was a prominent feature of the original Northwestern landscape. It stood silent watch in 1853 as the University's founders gathered nearby to select Evanston as the location for their enterprise. The Old Oak was a landmark, chief among the many trees that graced campus, and became the site of meetings between students and classes. Pictured above is the Class of 1880.

## A Symbol of Strength

Oak trees have a symbolic and important role at Northwestern. Orrington Lunt, one of the University's founders, claimed that the land for campus was selected, in part, based on the very existence of oaks on the site. As Lunt explains in *Northwestern University: A History*, "looking north I noticed the large oak forest trees...I began to think possibly this might be the place we were looking for." He continued, "A number of the Executive Committee went to examine [the site]. It was a pleasant, sunny August day. We drove into what is the present campus and it was just as beautiful as now in its natural condition. We were delighted—some of the brethren threw up their hats—we had found the place."

Today, we continue to honor the oak as a connection to our past. "Over the last twenty-five years, we've tried to replenish some of the oaks to help retain a glimmer of the University's historical landscape," says Ann T. Ziegelmaier, Northwestern's landscape arborist of facilities maintenance.

We now proudly honor the symbolism and strength of the oak in our new Rogers Society logo. We hope all members will feel a true sense of pride whenever they see it.



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This issue of *Northwestern Matters* contains several articles of interest to retirees, including the advantages of charitable gift annuities and direct IRA gifts by donors over age 70½. **Golden Opportunities**, our comprehensive new publication focusing on retirement, should be of great interest to both our retired and soon-to-be-retired friends. We would be pleased to provide you with a complimentary copy—just send back the attached card or call our office.

**Herbert B. Nechin**, JD, WCAS '56, Interim Director, Gift Planning  
(847) 491-7394 • h-nechin@northwestern.edu

**Edmund (Ed) A. Featherstone**, CSPG, Deputy Director, Gift Planning  
(847) 467-5402 • e-featherstone@northwestern.edu

**Janie S. Petersen**, CSPG, Associate Director, Gift Planning  
(847) 491-4520 • jpetersen@northwestern.edu

**Laura R. Sowatsky**, WCAS '88, Associate Director, Gift Planning  
(847) 491-5044 • lrs@northwestern.edu

This publication is intended for educational and informational purposes only. It should not be construed as legal or tax advice. Readers are encouraged to seek the advice of their own professional advisers before acting upon any of the ideas presented in this newsletter.

# Northwestern Matters

Fall 2011

*A guide to charitable estate and gift planning*



## Wildcat Legacies

Bill Harwood (EB '49, KSM '58) has attended Wildcat football games for most of his life—since he was in grade school. And, when he met his future wife Elaine, their dates were often spent attending football or basketball games. More than 50 years later, they still attend home games and even travel to cheer for the 'Cats at events off campus. Bill has attended every NU bowl game, and is looking forward to many more.

When it came time to plan their legacy, they decided that they wanted to give back to Northwestern for all the fun times they had over the decades. They have put the University—and specifically Athletics—in their estate documents. They've left a bequest that they hope will help build better facilities. Elaine and Bill realize that good facilities attract a winning combination for Northwestern: the best players and great students. Their thoughtful generosity is appreciated.

According to Shon Morris (SESP '88), Senior Associate Athletic Director and Director of Athletic Development: "Bill and Elaine are wonderful people and great friends of Northwestern Athletics. They are so loyal and it is always a pleasure seeing them at our games, both home and away... We are honored to have them in the Wildcat Family and I personally value their friendship and unwavering support. Bill and Elaine are making a difference every day in the lives of our student-athletes, and their legacy will impact the experience of future Wildcats for years to come."

To Elaine and Bill, the decision to make a bequest was simple. They've experienced how inspiring and wonderful the staff and players are—they wanted to be Wildcat supporters in their lifetime and let that be part of their legacy.

We hope you will make plans to leave your own legacy to Northwestern. A gift by will is simple to arrange whenever you make or revise your estate plan. Bequests through revocable living trusts are also common; you should also consider making the University a beneficiary of your life insurance, retirement account, employee benefit plan, or other arrangements with a beneficiary designation. We hope you will notify us of your plans, so we may say thanks, and offer membership in the Henry and Emma Rogers Society.



A Publication of the Henry and Emma Rogers Society

### Inside This Issue:

- Consider IRA Gifts Before They "Sunset"
- New Gift Annuity Rates Favor Older Donors
- Tips from Our Gift Planning Professionals
- A Symbol of Strength


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## Consider IRA Gifts Before They "Sunset"



Direct IRA gifts by persons over 70½ are permitted in 2011 up to a maximum amount of \$100,000. They count toward satisfying the minimum distributions required of individuals over age 70½ and thus can reduce taxable income, even for donors who do not itemize deductions. These gifts may also come with a bonus: they can reduce taxes on Social Security benefits and help preserve a variety of itemized deductions and tax credits. Here are the basic rules for making a qualified IRA gift:

- Only the IRA custodian can transfer funds directly to a qualified organization. IRA owners should not make withdrawals and contribute to the University separately.
- Gifts should be made before taking a required minimum IRA distribution.
- IRA gifts cannot be made to charitable remainder trusts or for charitable gift annuities, but they can be used to satisfy a previous pledge.
- Donors should coordinate IRA contributions with our office to ensure that appropriate documentation is provided.

Unless renewed by Congress, IRA gifts will "sunset" on December 31, so please call our Office of Gift Planning if you would like to plan an IRA gift for 2011. [NM](#)

## Tip from Herb B. Nechin, JD, WCAS '56

Deficit reduction continues to grip the attention of Congress and the White House, generating calls for cutbacks on itemized deductions—including the charitable deduction. It's hard to predict whether any of these ideas will become law, but some tax advisers are suggesting that clients consider 2011 as the year to follow through with plans for important contributions, including charitable remainder trusts, charitable gift annuities and gifts of securities.

For some of our supporters, maximizing charitable deductions this year is appealing because their taxable incomes will be unusually high—perhaps due to a Roth IRA conversion. Last year, because of a favorable law change, many Americans converted their traditional IRAs to tax-free Roth IRAs and elected to defer taxation of that extra income into 2011 and 2012. Now, however, the tax piper must be paid, making late-2011 a time to consider gift strategies that create large deductions—possibly providing donors with lifetime income or other advantages. Our Gift Planning team would be pleased to discuss all these opportunities with you and your advisers.

— HBN



## Another Tip from Our Staff

Record high deductions are currently available for two remarkable gift techniques worth considering by donors who (1) need large charitable deductions and (2) wish to retain considerable benefit from their gifts.

**Charitable lead trusts.** People who are liable for federal gift and estate taxes can eliminate or reduce gift tax on any size transfer by means of a charitable lead annuity trust that pays Northwestern for a term of years, then distributes trust assets to family members or others. A trust making fixed 5% payments to the University would avoid all gift and estate taxes if distributions lasted for 24 years. Trusts can end sooner, and still "zero out" taxes, if the charitable payout is higher, or if the goal is simply to keep the taxable gift to family members under \$5 million, the amount currently sheltered by the gift tax exemption.

**Gifts of personal residences, while retaining lifetime occupancy.** Friends who have considered leaving a personal residence (including vacation homes) to Northwestern through their estate plans can accomplish a similar result by deeding the property to the University now, while retaining lifetime occupancy, including the payment of all upkeep expenses and real estate taxes. Example: A gift of a \$300,000 vacation home by a couple age 75 and 73 currently would provide a charitable deduction of about \$180,000, and they can continue to use the property for the rest of their lives.



## New Gift Annuity Rates Favor Older Donors

Northwestern University follows the recommended payout rates of the American Council on Gift Annuities, which recently changed its suggested rates for gift annuity agreements entered into on July 1, 2011, or later. The new rates are higher for most recipients age 73 and older and the same or slightly lower for persons under 73. Charitable gift annuities may be particularly attractive for alumni and other friends who:

- Have recently retired and wish to switch part of their stock portfolio into a fixed income arrangement at a minimum of capital gains tax;
- Are looking for a tax-efficient way to supplement the income of an older relative, such as a parent;
- Need tax deductions and partly tax-free payments.

Here is a sampling of the new rates for one-life annuities:

Age of Recipient	Payout Rate	Age of Recipient	Payout Rate
60	4.8%	76	6.6%
62	5.0	78	7.0
64	5.2	80	7.5
66	5.4	82	7.8
68	5.6	84	8.2
70	5.8	86	8.6
72	6.0	88	9.2
74	6.3	90 or over	9.8

Our Office of Gift Planning can provide you with payout rates for any age, including two-life arrangements, plus illustrations of deductions and other tax benefits. [NM](#)

## Tip from Janie S. Petersen, CSPG

Wise donors know that gifts of appreciated securities are an outstanding way to support Northwestern. Why? Because they receive a double tax benefit: Donors can deduct the full fair market value of their stocks, bonds or mutual funds (if owned for more than one year) and they save again by avoiding capital gains taxes on any "paper profit."

Recent volatility in the stock market has led some investors to sell appreciated stocks and put the proceeds into commercial annuities. A better plan, for those who would like to benefit the University, might be to transfer securities to Northwestern for a charitable gift annuity. You would receive payments for the rest of your life from the annuity (see the rate chart above) plus a charitable deduction. Furthermore, your taxable capital gain would be greatly reduced and could be reported in small annual segments over your life expectancy. Call us for complete details.

— JSP



For more information on any of the topics discussed in this newsletter, simply fill out and mail the reply card below or visit our website at [www.giving.northwestern.edu](http://www.giving.northwestern.edu).

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**Thank You**

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*With no obligation to me:*

- Please send me a complementary copy of your new booklet for retirees, **Golden Opportunities.**
- I would like to have a conversation with a staff member about the ideas in this newsletter.
- I am pleased to inform Northwestern that the University is remembered in my will or estate plan. Please enroll me in the Henry and Emma Rogers Society.
- I have already notified Northwestern of a bequest or other estate gift. Please confirm that I am a member of the Henry and Emma Rogers Society and/or contact me about making a Donor Legacy Statement.