



# Alvernia University



## Creating a Legacy

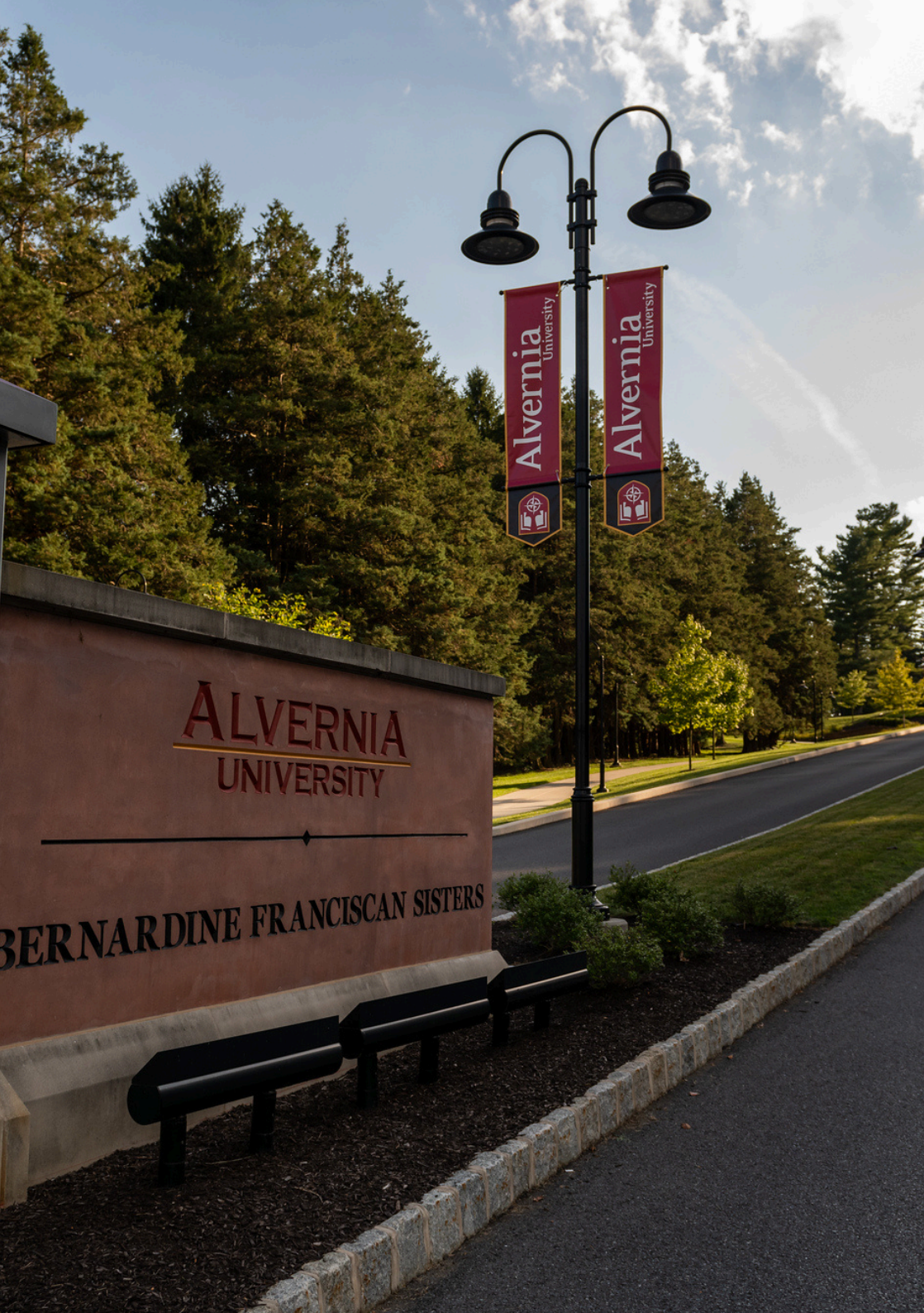
### Your Guide to Planned Giving



**ALVERNIA**  
UNIVERSITY

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**BERNARDINE FRANCISCAN SISTERS**



# THE REWARDS OF PERSONAL PHILANTHROPY



As we confront the challenges of the future, we know that the generosity of those who assist us will make all the difference in keeping Alvernia University moving forward. That is why we seek your support. We also want to make sure that you benefit from making a gift to Alvernia.

In addition to making a difference in the lives of others, the best gift plans improve your financial and tax situation- often right away. A well-planned gift can reduce or possibly eliminate long-term capital gains taxes, provide current income tax deductions, reduce possible estate and gift taxes, or even increase your income.

This booklet allows you to explore opportunities that combine your philanthropic giving with your financial needs and tax planning strategies. Through creative gift planning, you can secure your financial future and help support Alvernia students.

To design a gift that benefits Alvernia and the people you care about most, we recommend that you obtain an attorney counsel who specializes in estate planning. We can work with your advisors to help plan for tomorrow and receive maximum benefits today.



# CHARITABLE LEAD TRUST

## PRESERVE THE INHERITANCE

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*Are you concerned about the possibility of the government taking a huge part of the assets you were planning to leave your heirs?*

There is a strategy to pass assets to your family with significant estate tax savings while making a gift to Alvernia. It is called a charitable lead trust.

After we receive income from assets in the trust for a period of years, the principal goes to your selected loved ones, with estate or gift taxes usually reduced or even eliminated.

The lead trust is an exceptional way to transfer property to your children or other heirs at minimal tax cost. It is ideal if you are willing to forgo investment income on an asset but do not want to have estate taxes reduce the principal passed to heirs.

With a lead trust, you can carry out your philanthropic plans over the coming years and save on taxes.

### **BENEFITS**

- Fund the trust during your lifetime or through your will
- Support Alvernia's academic excellence through annual income payouts
- Reduce your taxable estate and potential gift taxes
- Keep assets in the family





# THE ST. CLARE SOCIETY

## A SPECIAL SOCIETY FOR DONORS

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The St. Clare Society honors the uncommon generosity of those benefactors who have demonstrated the ultimate commitment to Alvernia but providing for its future through a planned or deferred gift. They personify a special devotion to this institution and to our mission that is truly extraordinary.

St. Clare Society members ensure that transformational education described in our motto, To Learn, To Love, To Serve, will thrive for generations to come. Benefits of membership in the St. Clare Society include annual luncheons, invitations to special events and seminars, and subscriptions to our newsletter. The most important benefit you will receive from joining the St. Clare Society member is the satisfaction derived from making a lasting contribution to our long-term success.

If you have already named Alvernia as the beneficiary of a planned gift, we welcome you as a St. Clare Society member. If you would like more information about how you can become a member-in a manner that benefits you, your heirs, and us- call (610) 796-8259.



# OUTRIGHT GIFT OF CASH OR CHECK

## A QUICK AND EASY WAY TO GIVE

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*A gift or check is one of the most common and easiest methods for making an outright charitable contribution.*

If you itemize income tax deductions on your tax return, the first tangible benefits of making a gift by cash or check is the tax deductions for the full value of your gift.

The annual limitation on the use of charitable deductions claimed for gifts to public charitable organizations is 50% of your adjusted gross income for cash gifts. Any unused deduction can be carried over and used for up to five additional years, giving you six full years to use the deduction.

The second benefit is seeing the immediate results of your generosity. When you make a cash gift, you are demonstrating a strong commitment to help support Alvernia students and contribute to their success.

### **BENEFITS**

- Receive a current income tax deduction
- Reduce your potential estate taxes in the future
- Determine the exact amount of your desired support
- Experience the joy of the giving today





# A CURRENT WILL OR TRUST

## VITAL DOCUMENTS

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*Have you put off making or updating your will or living trust? Maybe you think it costs too much to do. Perhaps you are having a hard time deciding how to leave your money, or you may simply have an aversion to confronting your mortality.*

Drafting these documents may seem like a daunting task at first, until you realize all the good that comes from having them. A gift in your will or living trust lets you make a meaningful gift with ease and be flexible in your commitment. You can give cash, specific property or a percentage of your estate, with restrictions or without. Because your gift doesn't come to Alvernia until after your lifetime you can change your mind at any time.

To make sure your will accomplishes your goals according to your wishes, we recommend that you obtain professional counsel from an attorney who specializes in estate planning.



### **BENEFITS**

- Balance your commitment to family with a desire to support Alvernia.
- Distribute your assets according to your wishes
- Save on estate taxes with proper planning
- Leave a legacy without giving up assets today.

**53% of donors establish their first planned gift at the age of 44 or older and on average is the first time an individual writes their first will.**

Shelter Donor Insight Report





# PERSONAL PROPERTY AND SECURITIES

## ASSETS WORTH DONATING

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*Any type of asset that you irrevocably donate to Alvernia results in a current income tax deduction, but there may be other tax benefits from your contribution.*

If you contribute appreciated securities you have held for more than one year, you have the added benefit of eliminating the tax in the gain.

You also can contribute tangible personal property (like art, prized collection, or antique) and take a deduction for its full fair market value if the gift is used for a tax-exempt function.

These are but two of the types of assets you can donate outright to Alvernia today. Using assets other than cash allows you more flexibility when planning your gift and there is even more potential if you plan your gift creativity.

### **BENEFITS**

- Receive a current income tax deduction for gifts of securities
- Provide relief from capital gains tax gifts of securities
- Make meaningful gifts with donations of personal property
- Help Alvernia students reach their full potential with your contributions

### **Example**

**Mike is in a 28 percent marginal income tax bracket. He decided to donate stock to Alvernia University instead of selling it. By doing this, Mike receives an income tax charitable deduction for the full fair market value of \$20,000 and eliminates any capital gains tax.**

# YOUR RETIREMENT PLAN ASSETS

## ASSET COSTLY TO INHERIT

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*Did you know that as much as 39.6% of your retirement plan assets can be consumed by taxes when given to your family? To eliminate taxation of these assets, many supporters use their retirement plan assets to make gifts to Alvernia and leave assets that are less heavily taxed to family.*

If you can make other provisions for your family, there is a better option for your retirement plan assets to a charitable gift after your lifetime.

To name Alvernia as the beneficiary, consult your advisor, then instruct the plan administrator of your decision and sign whatever form is required. For the IRA or 403(b) plan you administer personally, notify the custodian in writing and keep a copy for your records.

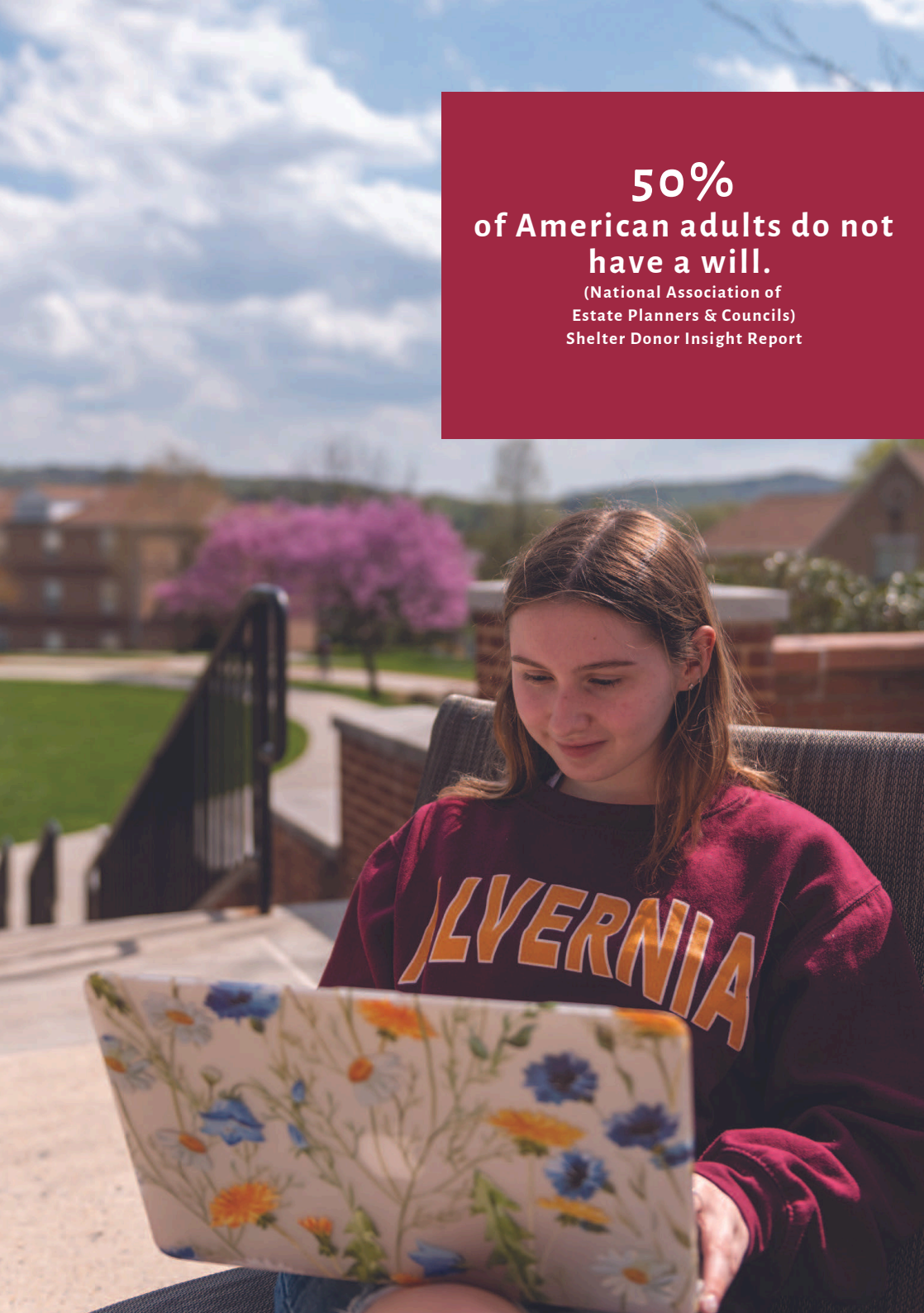
### Example

Jake wants to provide for his children, but he also wishes to leave a charitable gift to Alvernia. Jake decides to pass on income tax-free inheritance, such as real estate, cash, and life insurance, to his heirs and give his retirement plan assets to Alvernia. The assets in his account will be passed to Alvernia free of any income tax obligation. In addition, Jake's gift qualifies for an estate tax charitable deduction. Most important, Jake can change his mind about the gift at any time.

### BENEFITS

- Eliminate all federal income and estate taxes when you name Alvernia as the primary beneficiary
- Receive partial savings when you give Alvernia a specific amount before giving your family the remainder
- Name Alvernia as a contingent beneficiary, which allows for greater flexibility
- Make the most cost-effective gift possible, saving other less taxed assets for loved ones.





**50%**  
**of American adults do not  
have a will.**

(National Association of  
Estate Planners & Councils)  
Shelter Donor Insight Report

# LIFE INSURANCE

## A VERSATILE TOOL FOR MANY PURPOSES

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*When you first obtained your life insurance policies, you had a specific need for them. Perhaps you do not need all the coverage today, yet you still have those policies. Life Insurance can make a great planned gift and is easy to do.*

### **BENEFITS**

Name us as owner:

- Receive a charitable tax deduction by naming Alvernia as beneficiary and assigning us ownership.
- Receive future income tax deductions when you name Alvernia as owner and continue to pay premiums

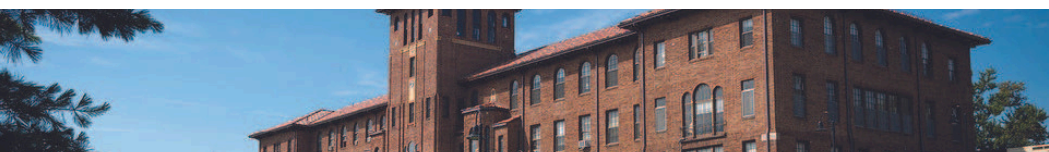
Name us as beneficiary:

- Obtain flexibility by naming Alvernia as primary beneficiary but keep ownership
- Name Alvernia as contingent beneficiary and secure your family's needs first.

Name Alvernia as a beneficiary of the policy: This is as simple as updating your beneficiary designation form with the policyholder. You can designate Alvernia as the primary beneficiary to receive either a percentage or a specific amount. You can also make Alvernia a contingent beneficiary in which we would receive the balance of your policy only if your primary survivor doesn't survive you.

Make an outright gift of an existing policy: You can name Alvernia as the owner and beneficiary of an existing policy. You qualify for a federal income tax charitable deduction when you itemize on your taxes. If you continue to pay premiums on the policy, each payment is tax deductible as a charitable gift when you itemize.

Make an outright gift of a new policy: You can take out a new policy and irrevocably name Alvernia as the owner and the beneficiary of the insurance contract. This method may be particularly attractive for the younger donor. Whether you make one single premium payment for the policy or pay annual premiums, each payment is tax deductible as a charitable gift when you itemize.



# CHARITABLE GIFT ANNUITY

## A GIFT THAT PAYS YOU FOR LIFE

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*The concept of a gift annuity is simple. You donate assets that we invest. Alvernia agrees to make fixed payments to you for life (and if desired, for another beneficiary's lifetime). At the end of the agreement, the fund is available to support Alvernia students.*



A charitable gift annuity is attractive because it ensures you a stream of income that you can't outlive. While making an enduring gift that supports Alvernia when the balance becomes available to meet the needs of Alvernia students.

The rate you receive is determined by your age on the date of the gift. Annuity rates are higher for older donors, but the rate remains constant once the gift is made. For two people the rates are slightly lower because the period of payment is usually longer.

### **BENEFITS**

- Receive lifetime payments for yourself and possibly another person
- Obtain a charitable deduction for a portion of the value of the gift
- Secure partially income tax-free payments
- Save on capital gains taxes when you contribute appreciated securities



# CHARITABLE REMAINDER ANNUITY TRUST

## A GIFT TO ALVERNIA WITH PREDICTABLE BENEFITS FOR YOU

*If you are disappointed in the yield from your current investments in the stock and bond markets, yet you want to eliminate the capital gains tax should you sell, consider a charitable remainder annuity trust.*

With this type of gift, you, or another beneficiary if you choose, receive a fixed dollar amount each year for life, or for a period of up to 20 years, from assets you place in a trust. At the end of the trust term, the balance in the trust goes to

Alvernia enabling countless students to reap future benefits from your generous gift.

### BENEFITS

- Receive a fixed dollar income paid annually, semiannually, quarterly or monthly
- Obtain a partial charitable deduction
- Increase income from a low-yield asset
- Gain freedom from investment management
- Eliminate the up-front capital gains tax on long-term appreciated assets used to fund the trust.

### Example

Jenn, 80, depends on income from her portfolio of securities. Lately, the current yield of her holdings has averaged only 2 percent (about \$3,000). Jenn decides to establish a charitable remainder annuity trust, funding it with appreciated stocks with \$150,000 that had originally cost her \$100,000. The trust pays Jenn 6 percent, or \$9,000 each year. She is also entitled to a charitable deduction of \$84,851 (based on annual payments and 2.4 percent charitable midterm federal rate) that she can carry over for up to five additional years. What's more, the trust can sell the stock without incurring any capital gains tax. After her lifetime, the trust's balance will go to Alvernia.

Samantha, 65, owns \$100,000 in stocks that she no longer wants. The stocks, purchased many years ago for \$50,000, pay her a dividend of only 1.1 percent. Samantha decided to give her stock to the charitable remainder unitrust she created. Each year it will pay her 6 percent of the fair market value of the trust assets.

Samantha receives an immediate charitable income tax deduction of \$39,299.\* With a marginal income tax rate of 28 percent, she saves \$11,004 in income taxes and increased her income this year from \$1,100 to \$6,000

\*Based on 2.4 percent charitable midterm federal rate.

# CHARITABLE REMAINDER UNITRUST

## A GIFT WITH BUILT-IN FLEXIBILITY

*A charitable remainder unitrust is a gift to Alvernia and much more. This unique option also allows you to enjoy the supplemental income and immediate tax benefits and reduce the taxable value of your future estate.*

The concept of this gift is simple. You fund a unitrust with assets (appreciated property or stocks generate the greatest net savings for you). The amount you receive as a life income varies each year and is a set percentage (you choose it at the start) of the current value of the unitrust, re-determined annually.

After your lifetime (and, if you wish, that of a survivor), or a period of up to 20 years, the balance of your trust supports our students.

### BENEFITS

- Receive lifetime variable income (often greater than the yield on contributed assets).
- Obtain a sizable income tax charitable deduction
- Eliminate the up-front capital gains tax if you donate long-term appreciated securities
- Make a significant gift to Alvernia gains tax on long-term appreciated assets used to fund the trust.

#### Example

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**90%**  
**of Wills make up all planned**  
**gifts.**

Shelter Donor Insight Report





# REAL ESTATE

## A TAX-WISE GIFT

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*Are you thinking of selling land or a building? Beware of capital gains tax!*

A charitable contribution of real estate whether it is a personal residence, a vacation home, a farm, commercial real estate, or vacant land-will gives you numerous advantages.

When you give your home or other real estate to Alvernia, you create an enduring testimonial of your interest to prepare future generations of students. Your personal satisfaction also is complemented by valuable tax benefits.

### **BENEFITS**

- Receive an income tax charitable deduction for the full fair market value
- Eliminate tax on property's appreciation
- Avoid the hassle of trying to sell the property
- Make a gift to support Alvernia and reduce your taxable estate



### **DID YOU KNOW?**

**Even if your property has lost value in recent years, for tax purposes, it is still appreciated if its current value is more than you originally paid for it**

# Compare *Your* Options

USE THIS CHART  
to identify the gift  
that best fits your  
financial and  
charitable goals.

		Impact on University		Tax Benefits			Additional Benefits
	Pays Your Income	Immediate Impact	Impact After Your Lifetime	Immediate Income Tax Benefits	Future Income Tax Benefits	Capital Gains Tax Benefits <sup>1</sup>	
Outright Gift of Cash		✓		✓			Support our students in easiest ways.
Outright Gift of Securities		✓		✓		✓	Provide an immediate benefit to Alvernia.
Outright Gift of Personal Property		✓		✓		✓	Make a significant gift today without adversely affecting your cash flow.
Gift of Life Insurance		✓		✓	✓		Make a larger gift than you thought possible.
Gift of Real Estate		✓		✓		✓	Improve your cash flow by not having to pay real estate taxes, maintenance and insurance.
Charitable Lead Trust		✓					Support Alvernia now and provides for your loved ones in the future.
Will or Trust			✓				Make a flexible gift.
Gift of Retirement Plan Assets			✓		✓		Allow less heavily taxed assets to be passed to loved ones.
Charitable Remainder Trust	✓		✓	✓		✓	Use appreciated assets to maximize your tax benefits
Charitable Gift Annuity <sup>2</sup>	✓		✓	✓	✓	✓	Receive fixed payments for life.

<sup>1</sup>Assuming long-term appreciated assets  
<sup>2</sup>Not available in some states or from some organizations







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