Retirement Planning at Any Stage

Ask ten people to share their thoughts on retirement and you will likely hear ten distinct responses. It is, after all, a matter of perspective. People nearing the end of a flourishing career are often surprised to realize that retirement is right around the corner. The recently retired think about shifting their focus from accumulating wealth to creating income and distributing assets. Retired executives and professionals focus on maintaining wealth, providing a legacy, and conserving taxes. In every situation, there are ways to give that can provide important planning opportunities—gift options that join philanthropy with retirement planning.

Where are you?
• Dreaming about retirement
• Considering the best way to distribute accumulated assets
• Living in retirement and focused on your legacy

Whatever your stage in life, now is a good time to think about how you can support NYU in ways that benefit you and your long-term retirement planning objectives.

To learn more about the role charitable giving can play in your retirement planning, contact us by phone or email, or return the enclosed card. Be sure to ask for our complimentary brochure, Planning Options for Your Stage in Life, designed to help you identify and understand gift planning options that may be a good match for you today. We appreciate your support and welcome the opportunity to assist you and your advisors.

FRANK GALASSI—GIVING BACK TO STEINHARDT
Frank Galassi earned his doctoral degree in Educational Theater from NYU Steinhardt in 1971. Following a long, fruitful and varied career in acting and opera workshops, education and counseling, Frank has made a commitment to give back to future Steinhardt students through a bequest in his will. His legacy will endow the Scott Hamilton and Frank Galassi Scholarship Fund, named for himself and his life partner of thirty-four years who passed away in 2012.

Frank’s partner, Scott, skated professionally in the 1960s with Holiday on Ice, and then transitioned to a successful second career as an

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The Retirement Planning Marathon

Retirement planning is a marathon, not a sprint. To complete a marathon, runners pace themselves until, with a final burst of energy, they surge over the finish line. Workers can follow a similar strategy in retirement planning. Those who have been saving regularly over the years have an opportunity to accelerate their savings pace and make a final push to accumulate as much as possible before their working years come to an end.

That final sprint to the finish line relates to the allowable federal limits for contributions to retirement accounts. Participants in qualified retirement plans should make certain that their plan contributions always meet the allowable federal limits. And for those age 50 and over, Congress added a catch-up option out of concern that baby boomers hadn’t saved enough for retirement. These catch-ups are made on top of current limits.

<table>
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<th>2015 Federal Limits for Retirement Accounts</th>
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<tbody>
<tr>
<td><strong>Account</strong></td>
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<tr>
<td>401(k), 403(b) and 457</td>
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<tr>
<td>SIMPLE IRA</td>
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<td>Defined Contribution Plans/ Keogh and SEP-IRA</td>
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<tr>
<td>Individual 401(k)</td>
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<td>Traditional IRA and Roth IRA</td>
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after a participant contributes the maximum regular contribution. See the box below to determine how you can adjust your pace toward your retirement goal.

**Another option to increase your retirement income: deferred gift annuities**

If you have maxed-out your retirement plan contributions, there is another way you can accumulate additional retirement assets while also fulfilling your charitable objectives. Through an NYU Deferred Gift Annuity, you can increase your future income for retirement through high and secure payments and choose precisely when you want your NYU annuity payments to begin. Your gift annuity contribution is not subject to any of the federal limits on retirement contributions, but you still generate an income tax charitable deduction. Keep in mind that the longer you defer the NYU annuity income payments, the larger your upfront income tax deduction and the higher your annuity payout rate. And ultimately, the remaining value of your gift will support the future of the University.

**DEFERRED GIFT ANNUITY EXAMPLE:**

Maggie, age 53, is an entrepreneur who sold her marketing business. A dedicated supporter of NYU, Maggie could benefit from a current income tax deduction, and she is interested in supplementing her future retirement income. For Maggie, a deferred gift annuity is an ideal gift plan to consider. If she makes a gift of $50,000 and defers payments to age 65 (when she plans to retire), she receives a payment rate of 6.5% and is eligible for a current income tax deduction of $16,510. Beginning at age 65, she will receive annual payments of $3,250 for the rest of her life.

Example is for illustrative purposes and is based on an AFR of 2.2%.
Crossing Over: Income Planning

When retirees shift their focus from accumulating assets to accessing and distributing those assets, the primary planning concern becomes income protection. There are charitable gift plans that can be highly attractive in helping retirees meet this challenge.

Charitable gift annuities

There are many reasons why donors who need a lifetime income turn to charitable gift annuities:

- The payout rate locks in a secure income for life—at rates higher than you might expect
- A current income tax charitable deduction
- Donors who fund their gifts with appreciated stock avoid upfront capital gains tax, permitting the entire value of the stock to generate retirement income
- Donors can establish a new gift annuity year after year, so annuities continue to be a good tool for maintaining retirement income.

GIFT ANNUITY EXAMPLE: George, age 83, wants to generate more retirement income by liquidating highly appreciated stock, but he realizes that there will be a costly capital gains recognition reducing the value available for reinvestment. And he isn’t satisfied with the prospects for future income in the bond market. If he makes a gift of stock with a current value of $100,000 to the NYU charitable gift annuity, NYU will pay him income for life at a rate of 7.4%, or $7,400 each year for the rest of his life. He obtains an income tax deduction of $53,400 for this contribution. And the remaining value of his contribution will be used by the University to create a permanent scholarship fund.

Example is for illustrative purposes and is based on an AFR of 2.2%.

Charitable remainder trusts

A charitable remainder trust (CRT) is another way to make a gift that generates a lifetime income. Although more complex than a gift annuity, it can offer flexibility through a choice of income payment plans, fixed or variable. A CRT can provide income payments for as long as you and your beneficiaries live, or for a specified term up to 20 years.

Living Happily Ever After Retirement

The need to review and revise your retirement plan does not stop at retirement. Indeed, one of the rewards for hard work and diligent planning is the opportunity to make a philanthropic impact during retirement. Retirees should review retirement and philanthropic planning intentions periodically to:

- Make sure certain goals are still being met
- Determine whether changes in family circumstances and personal priorities have altered philanthropic goals.

During this stage in life, there are many gift options to consider:

<table>
<thead>
<tr>
<th>USING CHARITABLE GIVING IN YOUR RETIREMENT PLANNING</th>
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<tr>
<td><strong>Where you are now</strong></td>
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| Running the marathon | Middle to late career years, implementing a plan, perhaps making an extra push before retirement | • Maxed out qualified plan
• Catch-up contributions
• Deferred charitable gift annuities |
| Crossing over | Shift from accumulating assets to distributing assets, with emphasis on creating income streams | • Charitable gift annuities
• Charitable remainder trusts
• Gifts of appreciated property
• Gifts by will or trust |
| Living happily ever after | Retirement years, providing income and maintaining wealth while creating a legacy | • Bequests and beneficiary designations
• Laddered gift annuities
• More complex trusts
• Gifts of retirement assets or real estate |
Bequests in your will and beneficiary designations are the simplest options. There are many ways to set up charitable bequests through your will. Naming NYU the survivor beneficiary of a life insurance policy or qualified retirement plan is an easy way to support our education mission with no out-of-pocket cost to you.

A charitable gift annuity remains a good option, and may even be worth greater consideration as you age. You can establish a new gift annuity every year if you find it is a good tool for maintaining streams of retirement income.

Retirement plan assets may be a tax-wise choice for charitable giving. When you leave these assets to an individual, that person must pay income tax upon receipt of the property. Not so for NYU—since we are a tax-exempt charity, we do not owe tax on the gift, meaning the full amount of your legacy gift will immediately support our work. For this reason, it may be wise to structure your charitable legacy so that it is funded through your remaining retirement plan assets. Talk to us to learn more.

Real estate, such as a vacation home or second property the family no longer wishes to keep, can also make an excellent gift. Even when the property is no longer used due to changing circumstances, property taxes and maintenance expenses continue to erode assets. There are several tax-advantaged ways to donate real estate. We are happy to help you examine the feasibility of these gift options.

Philanthropy and Retirement: A Good Fit

We hope this issue has suggested some practical ways that your philanthropic efforts can complement your retirement planning. Please take a moment to call or email us, or use the enclosed reply card to request our complimentary brochure, Planning Options for Your Stage in Life. You can also request additional information about any of the gift ideas covered in this newsletter. As always, we appreciate your support.

FRANK GALASSI continued from page 1

award-winning make-up artist for film and television.

Throughout his life, Frank has been an activist for LGBT rights. In 1969, he was at the epicenter of the Stonewall revolution, and was one of the early participants in the creation of the Gay Academic Union in 1973.

Now semi-retired, Frank is a full-time volunteer at the Los Angeles LGBT Center, where he created the program, “Brain Power: Outloud Script Reading.” Based on neuroscience research, this popular program engages senior participants to perform podium readings of classic drama, resulting in greater self-confidence, social interaction and memory capacity.

Frank has recognized that through his philanthropic estate planning he can establish a generous and permanent scholarship fund as a meaningful memorial for himself and his life partner, which will benefit future generations of needy students faced with the challenge of affording an NYU education.

To learn more about giving back to NYU and its students, please contact us to talk about how you can establish a scholarship fund through your own legacy gift.

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It is important that the University’s legal name be used in all wills and trusts. We recommend use of the following language: “I give, devise and bequeath [assets] to New York University, a New York education corporation with its principal office at 70 Washington Square South, New York, New York 10012.” Please contact us so we can help you draft additional language that describes how you want your legacy to be used at NYU.