THE CHARITABLE GIFT ANNUITY

A Gift that Pays Income Is Wise Financial Planning

Two characteristics of financial markets have displayed unwelcome but standard features in recent years. Equities are increasingly volatile and erratic, while bonds are paying income at near-historic low rates. This combination of factors is particularly worrisome for individuals at or near retirement age. Should equities be sold now? And if so, what investment can pay the reliable income I need throughout the years ahead?

Particularly over the past few years, NYU’s alumni and faculty have found an attractive solution to this uncertainty in the NYU Charitable Gift Annuity. This effective planning tool remains one of the most popular charitable gifts because it provides high, secure, lifetime fixed payments, as well as substantial tax benefits —while giving the University’s supporters the opportunity to make a larger gift than otherwise might be possible.

There’s plenty to learn about the flexible planning options available with a charitable gift annuity. This issue of Torchlight highlights the benefits of setting up an NYU gift annuity. As you explore this creative gift plan, you may have additional questions.

“At a time when the financial markets are so uncertain, it’s certainly a delight to discover that I can help my own financial planning even while I support future students at the Tisch School.”

Alan Landsburg

A LEGACY FOR SOCIAL ACTION THROUGH MEDIA

Alan Landsburg (WSC’53) made a generous gift to Tisch School of the Arts to establish its first production fund focused on the specific needs of documentary film students.

Mr. Landsburg is an industry pioneer in the development of new forms of film and television production that address critical contemporary issues. Over a career spanning more than fifty years, his innovative vision...
questions. We have several resources available to help you find the answers you need. Just return the enclosed card, or contact us directly by phone or email, to request information or a complimentary illustration. When you contact us, please let us know which of NYU’s initiatives or programs interests you most. We will be happy to help you structure your gift annuity in a way that’s tailored to your overall planning objectives and that supports precisely the NYU school or program to which you are most dedicated. In addition, ask for Exploring Charitable Gift Annuities—Understanding the Basics, a brochure which answers the questions most frequently asked about charitable gift annuities.

**NYU Charitable Gift Annuity**

**SIMPLE AND FLEXIBLE, SECURE AND RELIABLE**

With an NYU gift annuity, the donor gives...but also receives substantial value in return. NYU pays a high fixed lifetime income in exchange for the gift. The annuity income stream is taxed in an advantageous manner—a large portion of the annuity income may be tax-free. In addition, the donor obtains a sizeable upfront income tax charitable deduction. Finally, the donor also receives the deep satisfaction of ensuring that the gift will ultimately benefit future generations of faculty, students and researchers at NYU.

The gift annuity is very simple to set up, and your annuity income will arrive regularly and worry-free. You can even request wire payments directly to your bank account, if you prefer. Most of our alumni and faculty who participate in the charitable gift annuity return year after year to add to their NYU annuity income. It becomes their preferred way of making their annual gift to the University, while building up their income.

And the NYU gift annuity is flexible, too. We can work with you to design your gift so that it’s tailored to your personal and family financial circumstances and objectives. Here are some brief examples:

**PREDICTABLE RETIREMENT INCOME FOR TODAY**

Edna, age 82, is distressed whenever she thinks about the low rate of income she receives from her CDs. Now that one of them is maturing, she will take the money from the CD ($10,000) and direct it to an NYU gift annuity, with a much higher rate of 7.8%. NYU will pay her $780 every year for life. For each of the next eight years, $600 of each year’s payment will be tax-free. And she obtains an income tax charitable deduction of $5,020, which translates to tax savings.

**LIFETIME PAYMENTS FOR TWO**

Joe and Vivian, ages 78 and 74, are reviewing their assets and investments to determine how best to plan for the future. They donate to the NYU gift annuity shares of stock worth $20,000 that they had purchased eight years ago for $10,000. The gift annuity will provide annual payments of $1,140 (a rate of 5.7%) as long as either Joe or Vivian is alive. They obtain an income tax charitable deduction for this year in the amount of $6,516. And as they receive annuity income in the years ahead, that income is advantageously taxed. For the next ten years, $427 of each year’s payment is tax-free and $427 is taxed at the capital gains rate (currently a lower rate than that for ordinary income).

**PREDICTABLE INCOME FOR LATER**

Peter, an entrepreneur, recently sold his company. He wants to use his wealth to establish a permanent named scholarship fund, but he wants to incorporate his gift into his long-term personal planning to supplement his future retirement income. He
makes a gift to the NYU gift annuity, designed in a manner that defers the start of his annuity income payments.

So today, at age 50, he makes a gift of $500,000 in stock. His gift annuity agreement (a plain-English document of less than two pages) directs that the income payments begin on a specified date 15 years from now. Because of the deferral period, the annuity rate (9.5%) and charitable deduction ($95,000) are significantly greater than a charitable gift annuity whose payments start immediately. And Peter has created a source of retirement income that will supplement his other plans.

Examples are for illustrative purposes, based on an applicable federal rate of 2.4% and quarterly payments.

Income from NYU—an Idea Worth Considering

These annuity examples show how the NYU gift annuity serves a unique and specific purpose in a donor’s personal planning. How you set up your gift annuity depends on your own circumstances and income needs, and what you want your gift to accomplish for NYU. Explore with us how a gift annuity can make sense for you. Contact us for a complimentary, no-obligation illustration showing how a gift annuity can be custom-designed to meet your goals.

ALAN LANDSBURG continued from page 1 has been a guiding force for television documentaries, mini-series and movies of the week as well as theatrical films. Mr. Landsburg’s productions set the standard, and served as the model for long-form television news documentaries as well as for what is now known as Reality TV.

“The creation of this Fund is a salute to two extraordinary teachers who served as the entire faculty of the radio and television department at NYU in the late ‘40s and early ‘50s,” said Landsburg. “Irving Falk and Robert Emerson gave me a wondrous four-year introduction to all the obstacles and triumphs that I came to experience during my career. There is no doubt that Tisch School faculty continues to inspire students and promote excellence in documentary filmmaking. There’s no better school where one can leave a legacy for those who strive to learn the skills to make films that depict socially relevant issues and give voice to extraordinary people who would otherwise not be heard.”

Mr. Landsburg planned thoughtfully for his gifts to establish the Fund. “In addition to my ongoing contributions to the School, I plan to leave a legacy through my estate. And I also learned that through my gifts I can obtain a high and secure income by contributing to the NYU Charitable Gift Annuity. At a time when the financial markets are so uncertain, it’s certainly a delight to discover that I can help my own financial planning even while I support future students at the Tisch School.”

IS IT TIME TO MAKE A CHARITABLE BEQUEST?

Have you reviewed your estate plan recently? Now may be a good time to prepare or change your will and include a charitable bequest to NYU. Here is why:

• You can address planning goals that should be considered in light of today’s unpredictable economic and tax environment.

• You’ll know there is a plan in place to meet your goals, and take comfort in the fact that you can adjust the plan any time you like.

EXAMPLE: While in their 40’s, Maggie and her husband, Mel, made specific provisions in their will to care for their children and distribute their modest possessions. They included a small bequest to NYU—a planned continuation Continued on page 4
COULD AN IRA CHARITABLE ROLLOVER BE YOUR BEST GIFT OPTION?

There is no “one size fits all” gift plan, but if you are an IRA owner age 70½ or older who wants to support NYU, the IRA charitable rollover could, indeed, be your best gift option.

Here’s why: If you own a traditional IRA, you must take a distribution from your IRA every year once you turn age 70½—even if you don’t want or need the money. The required minimum distribution (RMD) amount is calculated based on the amount in your account and your age, and you have to pay income tax on the distribution.

Right now, however, you can choose to make a qualified charitable distribution directly from your IRA to NYU. The transfer counts toward your mandatory RMD, but you do not have to pay federal income tax on the charitable distribution. And NYU can immediately put your gift to work to support faculty and students.

EXAMPLE: This year, James, age 74, must take $6,000 from his traditional IRA as a required minimum distribution. Of course, James will have to pay income tax on this amount. Alternatively, James could arrange a tax-free distribution from the IRA to NYU. If he directs a qualified charitable distribution in an amount of $6,000 or more, he satisfies his required minimum distribution for this year. And, that amount will not be included in his income for federal tax purposes. James plans to use his IRA Rollover gift for immediate scholarship award.

Under current law, this opportunity for a tax-free charitable transfer from an IRA is set to expire December 31, 2011. An individual can direct up to $100,000 through IRA Charitable Rollover gifts. Call us, or send in the enclosed card, to ask for further information about how you can use the IRA charitable rollover this year to support NYU.

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.