Gilbert Bieger’s Gift Eases Students’ Financial Burdens

As it was for many others who attended NYU throughout its 175-year history, for Gilbert Bieger (STERN ’48) getting an education involved hard work and big sacrifices. Inspired by the obstacles he had to overcome as a student, and recognizing that many of today’s students also face daunting challenges, Mr. Bieger has made a commitment to establish the Gilbert and Marie Bieger Permanent Scholarship Fund at NYU’s Stern School.

During his undergraduate career at NYU, Mr. Bieger worked full time at a bank. Six decades later he still recalls that, after sharing his income with his mother and paying his commuting costs from Long Island, he could only afford the $9 per-point NYU tuition because his employer provided a free lunch.

Beyond work and classes, Mr. Bieger’s daily commute contributed to his grueling pace. Although he met Marie, his beloved wife of 33 years, on one of his train trips home to Baldwin, it was a rare night when he was able to catch a train early enough so that he could enjoy a beer with her when he arrived back home.

Military service during World War II also interrupted Mr. Bieger’s studies. Drafted in 1941, he earned the rank of Captain before returning to civilian life in 1946. With the help of the GI Bill, he was able to return to NYU, graduating at the age of 31 as a member of the business school honor society Beta Gamma Sigma.

Despite all the obstacles, Mr. Bieger credits his NYU education — and his entire college experience — with giving him the skills and outlook that made his career successful. And the run of obstacles didn’t end with his college graduation. Even after he’d entered the accounting profession, he was called back to active military duty in Korea in 1951.

Do You Need to Review Your Estate Plan?

Talk about changes in the financial world and it’s hard to recall a more eventful period than the last few years. A volatile stock market, uncertain economy, interest rate hikes, and the continuing tax changes can make planning a real challenge. Perhaps it’s time to pause and see where you want to go with your estate planning.

Certainly, any reassessment should include a review of your will. After all, a will, generally speaking, is the foundation of an estate plan. But as important as it is, it is not a complete estate plan.

Undoubtedly, you have retirement plan assets. And chances are they have grown substantially. You probably also have one or more life insurance policies and joint ownership arrangements. And, you may well have one or more trusts, including a charitable remainder trust. Property under these arrangements passes outside your will.

How long has it been since you have reviewed these plans? It is the coordination of these plans that makes an effective estate plan. That is the focus of our discussion. More information is available in our booklet, Estate Planning — Why It’s Still Important. Simply use the enclosed reply card to send for your free copy.
Your Will Is Not a Complete Estate Plan

Your will is an extremely important document. Your will names not only the beneficiaries of your estate, but it may also set up trusts to manage your property for many years to come.

In your will, you have probably nominated an executor and perhaps a guardian or trustee for minor children. You have planned and drafted your will as a final expression of your personal values, and your love and concern for your beneficiaries. It is, of course, our hope that you have also included a bequest to New York University in your will. A carefully planned bequest can reflect your personal interests and values and gain the tax advantages provided by Congress to encourage your generous support of our programs.

Despite all this, your will is not a complete estate plan. Developing a comprehensive estate plan means coordinating your will with assets not covered by your will, including your life insurance policy, joint property, and retirement plan.

Ways to Include NYU in Your Estate Plan

Many of our alumni, faculty, and friends want to include a gift or charitable bequest to NYU in their personal estate plans. There are many ways to accomplish this objective. Including NYU in your will is a time-honored method of providing a major gift for our important programs. There are, however, other techniques you may also want to consider.

For example, as you review your present estate plan, you may find that your existing life insurance policy is no longer needed for your family’s security. Transferring ownership to NYU can provide immediate and significant tax rewards for you and a very generous future gift to the University.

As NYU celebrates its 175th anniversary this year, we are redoubling our efforts to raise additional gifts for tuition assistance, to help our most needy students bridge the gap between the cost of an NYU education and what they can afford to pay.

As students struggle with the cost of higher education, they are forced to work two or even three part-time jobs — in numbers that, in historic terms, surpass our past students’ experiences during the Great Depression. For our students, this represents an ongoing sacrifice that ultimately puts the quality of their educational experience at risk.

We invite you to join Gilbert Bieger and other alumni, faculty, and friends in making a difference in the lives of NYU students by contributing to the 175th Anniversary Scholarship Fund Campaign.
Or you may want to name NYU as the survivor beneficiary of an IRA or other retirement benefit plan. Of course, the full benefits will still be available to you during your lifetime. And when the University receives the survivor benefits, they will be completely free of estate and income taxes.

And if you want to provide for continuing support, such as income, for a loved one, while also supporting NYU, you will want to consider making a gift or bequest to one of our life income gift plans, such as the charitable gift annuity or remainder trust. These gift arrangements can be an attractive, rewarding, and tax-wise way to share your estate between loved ones and NYU.

Effective Planning for Your Life Insurance

Life insurance is often the single most valuable asset in an estate. All too often, however, life insurance is not planned with the same care and skill given to other assets. There are many ways to plan your life insurance beneficiary arrangements. And it pays to consider which arrangement will best accomplish your objectives.

- Name a beneficiary in your policy. At your death, the beneficiary you have designated generally can elect to take the proceeds in a lump sum, in installment payments over a number of years, or as an annuity.

- Select the form of settlement option for your beneficiary. For example, you can direct that the company use the proceeds to pay your named beneficiary an annuity for life. Or you can direct that it pay interest on the proceeds to one beneficiary for his or her life and pay the proceeds to another beneficiary after the first one has died. Your decision is binding on all beneficiaries.

You may also want to consider naming New York University as the beneficiary of your life insurance, as a contingent beneficiary, should your designated beneficiary predecease you. This is a practical and inexpensive way to support our programs with no immediate cost to you. Insurance proceeds paid to NYU will be free of estate and inheritance taxes.

Jointly Owned Property Can Pose Problems

Like most other Americans, you probably own real estate, bank accounts, stocks and bonds, or other valuables jointly with another person. In most cases, this property passes directly to the surviving owner and does not pass under a will. But many attorneys feel that in some circumstances, the joint ownership of property can be a serious mistake. They point out that, when one owner dies, absolute title passes to the surviving owner immediately and automatically. If the surviving owner is not prepared to undertake immediate management responsibilities, serious financial losses can occur.

If you have established trusts in your will in order to provide security for an heir who is not able to manage the assets, you should keep in mind that jointly owned property cannot typically pass to a trust at your death. In these special circumstances, in order to gain the fiduciary benefits of a trust, you must “re-title” these assets during your lifetime and sever the survivorship element in joint property arrangements.

Retirement Benefits Do Not Pass under Your Will

Since so many of our alumni, faculty, and friends own individual retirement accounts — whether IRA, 401(k), 403(b), or other qualified retirement plans — we want to emphasize that these accounts pass to the beneficiary named in the account’s documents at the death of the owner. They are not controlled by the owner’s will.

In planning for the disposition of your retirement account (by designating the survivor beneficiary), keep in mind that, to the extent your contributions were tax-deductible, every dollar paid out to individual beneficiaries will be taxable to the beneficiary as ordinary income (a tax bite of up to 35% for some taxpayers). And bear in mind that retirement plan assets left to individual heirs can also be depleted by estate taxes.

As you can see, retirement assets are potentially taxed more heavily than other assets. By naming NYU as survivor beneficiary of your retirement plan, you can improve your estate’s overall tax consequences. A survivorship gift of retirement assets to NYU completely exempts the payments from estate tax, income tax, and generation-skipping transfer tax, permitting you to make your gift at very low actual cost to your heirs.
A Living Trust

Some of our friends have found that a “living trust”, or a revocable trust established during one’s life, can be an ideal way to coordinate most of their assets into a single fund, which can be managed by a single trustee to accomplish all their personal objectives.

Here’s how it works: Your attorney drafts a trust agreement with all your specific directions for the disposition of your property. During your life, the agreement can be changed or revoked at any time. You can transfer property to the trust or remove property whenever you wish. At your death, the trust becomes absolute and irrevocable, and controls the disposition of your estate.

Estate Planning Is Not a Do-It-Yourself Project

If you decide to use a living revocable trust as the cornerstone of your estate plan, you will need the assistance of your professional advisors. And likewise, if you intend to break up jointly owned property arrangements, the guidance of your attorney will be invaluable.

There is another important reason to visit your advisors — and that’s to see how recent and impending tax legislation such as the Pension Protection Act may affect your estate plan. As a prelude to your visit, read our new booklet, Estate Planning — Why It’s Still Important. And as a special bonus, you can order a free copy of our brand new brochure, The IRA Charitable Rollover — A New Incentive for Charitable Giving. Both are packed with ideas that may be important to you and your family.

Use Your IRA To Make Your Annual Gift to NYU

Here’s some exciting news that can help you plan a tax-effective strategy for your IRA distributions in 2006 and 2007 while you support NYU.

The new Pension Protection Act lets you make a current annual gift to charity from your IRA — entirely tax-free.

And your IRA charitable distribution will satisfy all or part of your required minimum IRA distribution for the year. So you can use your IRA to make your charitable gifts this year and next year, and avoid tax on your required IRA distribution.

There are a few points to remember about this law:

- You must be 70 1/2 years of age
- Tax benefits apply for gifts up to $100,000 per year
- You can make these IRA charitable distributions in 2006 and 2007 only
- You must instruct your IRA Account Administrator to make the distribution directly to charity
- Only outright charitable gifts can be made (not life-income gifts such as charitable gift annuities)
- Your gift must be made to a public charity such as NYU (not to donor-advised funds or private foundations)

Bear in mind that you can use your IRA charitable distribution to make your annual gift, to satisfy your current pledge, or to establish or add to a named scholarship or other permanent fund at NYU. To learn more, contact Alan Shapiro, Esq., NYU’s director of gift planning, at (212) 998-6960, or email him at alan.shapiro@nyu.edu, or click on nyu.edu/alumni.