The right gift at the right time

As an alumnus, faculty member or friend of New York University, you focus on two issues when you consider your charitable giving. First, you want to make a difference at NYU that will be most effective for the University and its faculty and students. Second, you want your gift to be most effective and tax-wise in light of your own financial circumstances and needs—you want to know the best strategies for giving, and the benefits and consequences of each type of gift.

This issue of Torchlight explores how you can best match your financial goals and philanthropic objectives at different life stages. It’s important to know there are ways to give that are particularly appropriate at certain times. All of the ideas presented here illustrate gift options that can have a significant impact on teaching, learning and research at NYU, while providing you with maximum personal benefits. These charitable options are designed to complement plans you currently have in place to care for you and your family.

Thank you for considering some of the strategies you can use to create a personal philanthropic legacy. If you would like more information, please use the enclosed reply card or contact us by phone or e-mail to request Personal Financial Essentials. This handy brochure consolidates the key elements you’ll want to consider in your financial and gift planning. As always, we are happy to help you explore opportunities to support NYU.
Where Are You Now?

Financial and retirement planning are often discussed in relation to life stages. We’ll examine philanthropic planning options in these three stages:

STAGE 1 — Building wealth for retirement
STAGE 2 — Implementing a retirement plan
STAGE 3 — Maintaining the plan and enjoying retirement

Of course, the stages can and do overlap, but these three broad phases provide a useful framework for financial and philanthropic planning.

STAGE 1: BUILDING WEALTH FOR RETIREMENT
The stage for building wealth covers many years—generally speaking, your entire work life. For those just starting a career and for those who are nearing the end of the career years, there are several charitable giving arrangements worth considering.

THE DEFERRED GIFT ANNUITY • This gift plan is uniquely suited for the individual who wants to increase his or her future retirement income and benefit from a current income tax deduction, even while making an impact at New York University. In exchange for your gift, NYU will pay you a high and secure lifetime annuity income starting at a designated time in the future. When you set up a deferred gift annuity, you choose when you want the lifetime annuity payments to begin. The longer you defer the payments, the larger the income tax deduction and the greater the payout rate. This flexibility allows you to tailor the deferred gift annuity to meet your specific retirement income goals.

EXAMPLE: Maggie, age 45, is an entrepreneur who completed the sale of a business this year. She is putting together plans for her next business venture. A dedicated alumna of NYU, she could benefit from a current income tax deduction, and she is interested in supplementing her future retirement income. The 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 12.1% and is eligible for a current income tax deduction of $12,160. Beginning at age 65, she will receive annual payments of $6,050 for the rest of her life. And if she chooses to defer the annuity start-date longer, the annuity rate and the current deduction will be even higher.*

OTHER GIFT PLANS TO CONSIDER Small or large, all gifts are important and their collective impact is always profound. It’s also important to remember that many gifts do not require an immediate out-of-pocket contribution. Here are two examples:

• A charitable bequest is a gift made through your will. There are many different types of bequests, and finding an arrangement that meets your charitable goals (with the help of your attorney and advice from NYU’s gift planning office) is both satisfying and easy to do.

• With your life insurance policy or retirement account, you can designate NYU as a beneficiary. You can designate NYU to receive a percentage of the benefits or name NYU as a primary or a contingent beneficiary. Naming NYU as a beneficiary costs you nothing, and it is a meaningful way to make certain your assets ultimately serve NYU and its students and faculty. Of course, if your goals change in the future, beneficiary designations can be changed.

STAGE 2: IMPLEMENTING A RETIREMENT PLAN
Turning assets into income is the primary planning challenge during Stage 2 when work ends and retirement begins. Fortunately, there are gift plans that provide philanthropic avenues that can help you achieve this important financial goal.

THE GIFT ANNUITY WITH INCOME STARTING NOW • There are several reasons to think about establishing an NYU charitable gift annuity with payments starting now.

First, the payout rate securely locks in for life—and the payout rates are higher than you might expect (see the rate chart above). Second, you receive a

*All examples are for illustrative purposes and are based on an AFR of 3.0%.
Current Gift Annuity Rates

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Please contact us to verify current rates.

Current income tax charitable deduction, which reduces your tax bill for the current year. And if you contribute appreciated securities, you avoid upfront capital gains tax—making the annuity a very effective way to unlock your assets to increase your income. Third, the charitable gift annuity is easy to set up. You’ll never need to renew it or worry about falling rates. Finally—like most of NYU’s current gift annuitants—you can establish a new gift annuity year after year.

EXAMPLE: Victor, age 72 and a consultant, is considering a CD renewal. Being less than enthusiastic about the present renewal rate, Victor explores other options—including the charitable gift annuity. Victor likes the idea that, in exchange for his gift, he will receive lifetime payments at an unchanging payout rate. A current income tax charitable deduction is also appealing. Victor learns that he can make a gift of $10,000 and receive lifetime annual payments of $590—a 5.9% payout rate. The gift would also provide an income tax charitable deduction of $3,983 for the current year. From Victor’s perspective, the gift annuity has a lot to offer—substantial benefits for himself and for NYU.

OTHER GIFT PLANS TO THINK ABOUT • Here are a few additional gift options that typically appeal to our alumni, faculty and friends who are formalizing their retirement plans. If you have questions, contact your financial advisor and our gift planning team.

• A charitable remainder trust is similar to a charitable gift annuity—it’s a gift that pays income for life.

NATALIE OSHEROW KAHN-LIPSETT continued from page 1 and literature to the budding engineers, scientists and doctoral candidates at Polytechnic Institute. She remained at Poly through her entire academic career, where she developed a full course in Russian language and literature. While teaching at Poly, Natalie earned her Master’s degree in language education at NYU’s Steinhardt School and qualified for a doctorate in comparative literature.

With her second husband, Brooklyn pediatrician Nat Kahn, she moved to Florida in 1972 and became involved in the cultural community of Palm Beach—often providing her home as accommodation for foreign performing artists and serving as interpreter during their visits.

Natalie remains actively involved in the cultural and educational life of the Palm Beach area and has continued her close relationship with NYU and Poly. Recognizing the debt she owes NYU for the scholarship she received, which made her own academic career possible, Natalie has given NYU a prominent place in her estate plans, providing a generous legacy of scholarships for future generations of students. And Natalie is excited about the new bonds and affiliation between NYU and Poly: “Because of my own close connections with NYU and Poly, I am delighted that they will go forward as a single institution—and as a recognized world leader in education and research in science and engineering. NYU and Poly have always been remarkable and exciting places for teaching and learning, and I know that their new relationship will add to their academic strength. I am happy to make it possible for future students to obtain the educational advantages that I received.”

Continued on page 4
STAGE 2: IMPLEMENTING A PLAN continued from page 3

Though more complex to set up than a gift annuity, it can also allow more flexibility in design and implementation.

- As you adjust your investment portfolio, you may also want to consider a gift of appreciated stock. A highly appreciated but low-dividend-paying stock can be an ideal gift. You receive an income tax charitable deduction for the full value of the stock, and pay no capital gains tax on the transfer of the stock to us.

- Now is still a good time to consider bequests and beneficiary designations of life insurance policies or qualified retirement plans. There are many ways to benefit New York University with no out-of-pocket cost.

STAGE 3: MAINTAINING THE PLAN

Once the “retirement threshold” has been officially crossed, financial and philanthropic plans should be reviewed periodically to: 1) make certain that your financial goals are still being met, and 2) determine whether changes in priorities have altered your perspective on personal philanthropy. Often, one of the rewards for hard work and sound planning is the opportunity to make a greater philanthropic impact during retirement.

- Designate NYU as the beneficiary of retirement plan assets. If these assets are left to an individual, income tax may be due when the individual receives the property. However, if NYU receives the assets, no income tax is due because NYU is a tax-exempt charity.

- The charitable gift annuity may be worth even stronger consideration as age increases. The payout rate is fixed at the time you set up the gift annuity.

- Many retirees own a vacation home or second property they no longer wish to maintain. There are several tax-advantaged ways to make a gift of real estate.

IMPORTANT ESTATE TAX UPDATE

As you may know, under a law passed in 2001, the federal estate tax “disappears” in 2010, but returns in 2011. But uncertainty about the future of the estate tax (and even about the status of the “cost basis step-up” this year) makes planning difficult. Check with your advisor on how the current law affects your estate plan. And we invite you to call the NYU gift planning office for updates on legislation.

PHILANTHROPY FOR TODAY: PRACTICAL AND REWARDING

We hope this issue has pointed to practical ways to meet your philanthropic goals. Please contact us by phone or e-mail, or use the enclosed reply card, and request our complimentary brochure, Personal Financial Essentials. It provides an ideal starting point for financial and philanthropic planning in all life stages. You can also request information about any of the gift ideas covered in this newsletter. As always, we appreciate your consideration and support of our work.

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.