

DOING WELL WHILE DOING GOOD

Estate planning
and smart giving
to UT Austin



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INCLUDING GIFTS FOR THE UNIVERSITY OF TEXAS AT AUSTIN IN ESTATE PLANNING

Most of us have felt the desire to make a difference, to give back to something that has changed our lives for the better. At the same time we are concerned with providing for our loved ones after we're gone. What if you could do both? We can show you how.

You can reduce or eliminate gift, estate, and generation-skipping taxes by including The University of Texas at Austin in your estate planning. Instead of the money going to the IRS, it can make a difference at the University. With thoughtful planning, charitable gifts will not reduce the amount your heirs will receive and in some cases can increase the amount of an inheritance.

There are many ways to make testamentary charitable gifts, including:

- Provisions in wills or testamentary trusts.
- Provisions in revocable or "living" trusts.
- Beneficiary designations for retirement plans, insurance policies, group term insurance plans, bank accounts, and brokerage accounts.
- Gifts that provide lifetime income to one or more survivors and then benefit the University.
- Gifts that return assets to survivors after benefiting the University for a number of years.

OUTRIGHT GIFTS TO THE UNIVERSITY UPON YOUR DEATH

You may want to make an immediate impact at the University upon your death. Such a gift can be included in a will, testamentary trust, or revocable or "living" trust. You can also choose to name the University as a beneficiary of a retirement plan, a life insurance policy, a group term insurance plan, a bank account, or a brokerage account.

All will and trust gifts and beneficiary designations should be made to the "Board of Regents of The University of Texas System for the benefit of The University of Texas at Austin. This gift shall be used for the further benefit of [college, school, unit] and shall be used for [purpose]."

In most states, the value of your gift to the University is not subject to estate or death taxes if the gift is made at your direction. This includes gifts where the University

is named as the recipient if a named beneficiary turns down, or "disclaims," an inheritance.

Balances in qualified retirement plans are heavily taxed at the owner's death due to the combination of estate tax and income tax that is still due. Depending on the taxes due, your heirs could receive less than half of the plan balance, but no estate tax or deferred income tax is due on the amounts received by the University.



GIFTS THAT PROVIDE LIFETIME INCOME TO SURVIVORS AND THEN BENEFIT THE UNIVERSITY

You may want to provide for a loved one but may not want that person to inherit all of your assets. Charitable life income plans can provide supplemental income – even after your death – while saving the assets for the University.

You can contribute cash or other marketable assets during your lifetime to create a charitable gift annuity or a charitable remainder trust to provide you and a survivor with income for the rest of your life and the survivor's life. Or you can direct that a charitable gift annuity or

charitable remainder trust be established after your death to benefit one or more survivors.

Charitable life income plans can also be a great solution when you want:

- To provide supplemental income to a special-needs person without disqualifying the person from other benefits.
- To provide for a loved one but want to protect the person's financial interests by paying the income to a trust.
- To provide survivors with income from your qualified retirement plan while preserving the plan's accumulated value for the University.

Both fixed and variable charitable life income plans are available. When you and your spouse are the only income recipients or your surviving spouse is the only income recipient, the assets won't be subject to estate and death taxes. If someone other than your spouse is an income recipient,



then only the value of his income interest is subject to estate and death taxes. The value of the University's future gift is exempt from estate and death taxes.

The University can also be named to receive all or part of the assets that are left in a special type of trust that can benefit your surviving spouse. The full value of the trust can be used for the surviving spouse's needs, but any assets that are left after the death of the surviving spouse are distributed as the first spouse directed. When the University is named to receive all the assets that are left, no estate or death taxes are ever due on the assets that funded the trust. If the University is named to receive part of the assets that are left, then that portion is exempt from estate and death taxes.

GIFTS THAT RETURN ASSETS TO YOUR SURVIVORS AFTER BENEFITING THE UNIVERSITY

A charitable lead trust is an effective gift planning tool for those who want to transfer assets to their family in the future at a greatly reduced or totally eliminated gift or estate tax rate and make a meaningful gift to the University now. Typically, annual gifts are made to the University from the trust for a predetermined term of years. Then the assets pass to your family or other chosen beneficiaries.

One version greatly reduces, or even eliminates, gift or estate taxes when the contributed assets are inherited. Yet another version greatly reduces, or even eliminates, the onerous taxes that can be due when assets are transferred to heirs



in generations after your children or nieces and nephews.

You select the assets to be placed in the trust, choose how many years gifts will be made to the University, and designate how the annual gifts to the University are calculated. The annual gifts to the University can be a fixed dollar amount or a percentage of the value of the assets in the plan, revalued annually.

These trusts can be established during your lifetime or after your death. The economic value of the gifts to the University – the charitable portion – totally avoids gift or estate taxes. The longer the trust lasts or the larger the annual gift to the University, the larger the value of the charitable portion. It is possible for 100% of the value of the assets placed in the trust to be the charitable portion, so that none – 0% – of the value of the assets is subject to gift, estate, or generation-skipping transfer taxes. No additional gift or estate taxes will ever be due, even if the trust assets increase in value before the assets are passed to your family or other chosen beneficiaries.

Charitable lead trusts can be an important part of an estate plan for those who wish to benefit the University and whose heirs would otherwise lose a large portion of their inheritance to federal estate taxes.

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You don't have to choose between providing for your loved ones and supporting the University. The Gift Planning team at The University of Texas at Austin can help you support your passions and create the kind of gift you've always wanted to make – even if you never thought it was possible. Gift Planning team members work closely with professional advisers and rely on them to determine how donors can use the various gift plans available. Of course there is never any cost or obligation to use the educational services provided by the Gift Planning team.



THE CAMPAIGN FOR TEXAS
WHAT STARTS HERE CHANGES THE WORLD

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THE UNIVERSITY OF TEXAS
AT AUSTIN

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