

# Dividends

University  
of Wisconsin  
Madison

YOUR GUIDE TO CHARITABLE GIFT PLANNING

SPRING 2016



On a bright spring day, campus blooms blaze Badger red. (Photo by Jeff Miller/UW-Madison)



UNIVERSITY OF WISCONSIN  
**FOUNDATION**

How you can help your loved ones and  
UW-Madison by blending gifts

# Joan DeBruin '70 funds scholarships with a trio of gifts

When her husband, Jared, passed away in 2011 after nearly 42 years of marriage, Joan Dickinson DeBruin '70 honored him by designating the balance of their IRAs at her passing to fund University of Wisconsin-Madison scholarships in both of their names. In 2012 she established a charitable gift annuity and immediately started donating back a portion of the gift annuity payments so that the two scholarships could begin right away. Since then, she has also revised her will so that her estate will fund gift annuities for her two children—with the residue to the scholarship endowments.

## Life after the UW and the power of her degree

"I look back at Wisconsin," says Joan, "and realize those were wonderful years. And, I got a first-class education."

Joan left campus right after her last exam in January 1970 to join Jared in Norfolk, Virginia, where he was stationed with the U.S. Navy. At that point, she had absolutely no idea where life was going to take them. After Jared completed service, they moved back to Joan's hometown of Binghamton, New York, where her focus was on raising the couple's two children.

In 1980, with both of their children in school, Joan and Jared went back to college through his GI Bill. Ever since she had taken a course in business law in high school, Joan had wanted to be a lawyer. However, realizing her longtime ambition was not practical with two children and a mortgage, she opted to become a paralegal. After finishing her degree, she went to work at a large law firm.

"Interestingly, my boss later told me that the reason I got the job was because I had a four-year degree and not because I had the paralegal degree!" says Joan.

Joan specialized in the areas of probate, estate administration and taxes.

"I know it sounds dull and dry, but for me it was fascinating," Joan says.



Jared and Joan DeBruin on their trip to Alaska for their 30th anniversary

## Joan's journey to philanthropy

Ten years later, Joan and her family moved south in search of a better economy and much warmer weather.

"Once in North Carolina," says Joan, "it became obvious to me that attorneys there wanted their paralegals to type and make coffee. Working directly with the clients was one of my strengths, and, frankly, I am a lousy typist, so it was clear that being a paralegal was no longer an option."

Joan took a position at North Carolina State University in Raleigh, where she spent the next 13 years as the planned giving development officer for the entire university.

"I met some really amazing people with a true desire to give back to their university. Each donor's story and motivation are different," says Joan. "I have had more than one donor tell me they wanted their scholarship to go to a student with a 2.0 GPA because that was the donor's GPA way back when!"

### **Giving shaped by life experience**

Joan's own giving is also shaped by her own life and professional experience.

"Those years I spent as an estate and tax paralegal, and the years in the University of NC system, showed me over and over again the transforming power of philanthropy," says Joan. "It was a great privilege to work with donors to tailor their wishes into an endowment that would serve the university in perpetuity.

"The gift annuity is so easy and so elegant," she says. "It's a stable income—something you can plan on every three months. And it's so easy to do—a simple contract in simple language. Deferred annuities are a wonderful planning tool for people to use, especially for retirement planning."

Joan adds, "I actually started doing deferred gift annuities for Jared and me as a retirement income supplement at NC State. It also helped me market gift annuities to my target audience."

Joan says that she and her husband had previously discussed setting up the gift annuities for their daughter and son. "Neither of them will ever have a pension, so this will provide them with income for the rest of their lives as sort of a pension substitute," she explains. "And as my son says, 'We don't have to worry about managing the money!'"

Joan also really likes that the two scholarships have started already and will then be funded in perpetuity by the annuity remainders and the remainder of her retirement fund.

"Planned giving usually doesn't come into effect until the person dies," she says, "but through making annual gifts, I can see the scholarships in action and see if they're doing what I envisioned and if they are working well for the College of Engineering and the College of Letters and Science at Wisconsin."

### **Philanthropic interests beyond higher education**

Joan's philanthropic interests extend beyond higher education. One of them is the humane treatment of exotic wild animals that have been abandoned, rescued or surrendered by their previous owners.

"I have a few extra 'sons,'" quips Joan. "Two of my boys, Thomas and Ra, are 11-year-old, 450-pound lions who live at the Conservators Center in Mebane, North Carolina, where

they are safe, well-loved and lots of fun for me to visit."

In addition to donating toward the upkeep of the lions, Joan and her daughter, Kate, do pro bono work for the center—which for Joan involves giving assistance with its fundraising efforts.

### **Joan is happy to give to the UW and urges other alumni to give too**

But most of Joan's charitable dollars go to UW-Madison.

"Wisconsin taught me how to think critically and how to look at things outside the box," says Joan. "And at Wisconsin I think I really came into my own, started assuming leadership positions and doing things for others and my community that I may have never done otherwise. My Wisconsin education means a huge amount to me."

Joan continues, "The university needs our help. The funding from the state continues to dwindle. We need alumni support for scholarships, for professorships—whatever the donor's personal area of interest is. We need to continue to provide the quality education that Wisconsin has always been known for. And it's a good use of your dollar: you know this is not a charity that is going to be gone in twenty or a hundred years. At Wisconsin, you can endow your gift in perpetuity. Where else can you find that permanence?"

**Visit [supportuw.giftplans.org/blended](https://supportuw.giftplans.org/blended) to learn more about combining gifts to meet family needs.**

# How you can help your loved ones and UW-Madison

## Combining gifts to meet your family's needs

Possibly you have been considering a gift to the University of Wisconsin-Madison, but you are uncertain how to make it. You would like to give the entire amount now but are concerned that you might need this capital if your financial circumstances change. You have also considered a gift through your will, but this delays the University of Wisconsin's use of the money and does not provide you with current tax benefits.

You know there is quite an array of gift plans, and you wonder which might be best for your circumstances. The answer may not be any one plan but rather a combination of plans that enables you to meet your financial and charitable goals.

The starting point should always be your aspirations, financial situation and family dynamics. The checklist on this page may help you clarify those objectives. We then provide two examples that show how combined gifts benefit the donor and the University of Wisconsin-Madison.

To delve more deeply into creative blends of gift instruments, including several more examples, please request the free booklet, ***Yes, You Can Make a Gift You Never Thought Possible: 7 Common Scenarios Where Combining Gift Types Can Help Achieve Your Charitable and Financial Goals***. And please contact us: We have helped design many gift combinations and are always available to consult with you.

## What are your financial and charitable priorities?

To begin to determine what combination of gifts fits your situation, consider the list of a dozen objectives below. Enter a 1 if it is a top priority, a 2 if it is a medium priority and a 3 if it is a low priority. I want to:

- \_\_\_\_\_ 1. Reduce my income tax.
- \_\_\_\_\_ 2. Provide variable or fixed income for life for myself or myself and my spouse.
- \_\_\_\_\_ 3. Provide income or fixed payments to my children for life or for a term of years.
- \_\_\_\_\_ 4. Provide for my special-needs child.
- \_\_\_\_\_ 5. Convert appreciated securities or real estate to income for life while avoiding immediate taxation of capital gain.
- \_\_\_\_\_ 6. Continue living in my home and reduce my taxes.
- \_\_\_\_\_ 7. Downsize from my family home and move to a retirement community.
- \_\_\_\_\_ 8. Sell my property to a charity at a favorable price.
- \_\_\_\_\_ 9. Transfer my wealth to the next generation while minimizing taxes.
- \_\_\_\_\_ 10. Plan for the succession of my family business.
- \_\_\_\_\_ 11. Establish an endowment in my name or to honor a loved one.
- \_\_\_\_\_ 12. Support a special program, fund a new building or contribute to a campaign at my favorite charity.

Now look at the items you marked with a 1. There is probably a blend of gifts that combines most if not all of your highest priorities. Review the examples that follow and then order our free booklet to find out more about how combined gifts work and to see seven more examples of how these priorities can be combined.

## Creating a future endowment now

### A combination of:

- Outright gifts
- Charitable bequest

**Situation:** John, a widower, would like to establish an endowment for the University of Wisconsin-Madison named for his late wife Louise. He thought of contributing \$200,000 now so that he could enjoy seeing the results of his gift, but he hesitates because he fears he might need the monies for unforeseen expenditures. He knows he could include a \$200,000 bequest in his will to establish the endowed fund—but he would like to honor his wife now. He could also benefit from a tax deduction this year.

**It is as if the endowment is fully funded, even though the donor retains control of most of the money.**

**Solution:** John includes a gift of \$200,000 in his will to create the endowed fund and also decides to contribute \$8,000 a year, which is approximately the annual amount that would be distributed from a \$200,000 endowment. Because John is subject to a 33% tax rate, the \$8,000 gift results in income tax savings of \$2,640 annually, reducing the net cost of the gift to \$5,360. John's endowment at the University of Wisconsin Foundation is treated as if it is fully funded, even though John retains control of most of the money. This win-win situation is achieved by blending annual outright gifts with a bequest in a will.

### Priorities achieved:

- John establishes a named endowment now to honor his wife.
- John reduces his income tax annually.
- John maintains control over assets during his life.



A graduate poses for the traditional photo on Abe's lap.  
(Photo © Andy Manis)

## Providing for children in a tax-efficient way

### A combination of:

- Beneficiary designation
- Charitable remainder trust

**Situation:** Marlene, aged 77, has two IRAs: a Roth IRA and a larger regular IRA. She also owns her home and has a brokerage account. She would like to leave most of her estate to her two children but also make a substantial charitable gift.

**Solution:** The best assets to give to her children are the Roth IRA, her home and her brokerage account. She makes her charitable gift with the regular IRA because the University of Wisconsin Foundation is tax-exempt, whereas her children would have to pay income tax on every dollar. She names the University of Wisconsin Foundation as a 50% beneficiary and names a charitable remainder trust as beneficiary of the other 50% so that her children will receive income from the trust for 20 years, whereupon the remaining principal will come to the University of Wisconsin Foundation for the program she designated.

### Priorities achieved:

- Marlene provides for her children.
- Marlene transfers wealth while minimizing taxes.
- Marlene supports her favorite program at the University of Wisconsin-Madison.

## Stay in touch with us!

The University of Wisconsin-Madison wants to stay in touch with you. As primary manager of the university's alumni and friends database, the UW Foundation continually seeks up-to-date contact information. You can update your information online by visiting [myuwconnect.org](https://myuwconnect.org). Once you've registered for an account on this website, you'll be able to update your info and access additional features such as your history of giving to UW-Madison. Updating your information will help us to maintain accurate records, which we share selectively with the Wisconsin Alumni Association and other campus departments and programs with which you may be involved as an alum, volunteer, faculty member or donor.

## Start planning now to make a gift you never thought possible



1

**Return the attached reply card** to receive a free copy of our new booklet, *Yes, You Can Make a Gift You Never Thought Possible: 7 Common Scenarios Where Combining Gift Types Can Help Achieve Your Charitable and Financial Goals*.

2

**Call us at 608-263-4545** to find out how a gift to the UW Foundation will further the university's mission.

3

**Email us at [uwf@supportuw.org](mailto:uwf@supportuw.org)**. We are happy to answer any questions you might have or send you more information.

4

**Request it online at [supportuw.giftplans.org/blended](https://supportuw.giftplans.org/blended)**.



The lush, green lawns of Henry Mall on a bright spring morning  
(Photo © Andy Manis)

Request your free booklet to learn how to make a gift you never thought possible

Simply return the attached card, request it online at [supportuw.giftplans.org/blended](http://supportuw.giftplans.org/blended) or call 608-263-4545.

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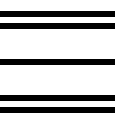
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To learn how you can join the growing community of alumni and friends who have created a legacy for the future of our great university, call 608-263-4545 or visit:

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Yes! I want to learn more about combining gifts.

- Please send me a complimentary copy of your new booklet, *Yes, You Can Make a Gift You Never Thought Possible: 7 Common Scenarios Where Combining Gift Types Can Help Achieve Your Charitable and Financial Goals*.
- I have included the university in my estate plan.
- I am considering including the university in my estate plan. Please contact me to discuss options.
- I would like more information on the following types of gifts:
  - Real estate       Gifts from an estate
  - Securities         Pooled income funds
  - Gift annuities    Charitable trusts
  - Other \_\_\_\_\_

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