

CHARITABLE GIFT
AND FINANCIAL
PLANNING IDEAS
FROM THE
UNIVERSITY
OF WISCONSIN
FOUNDATION

Fall 2012

W I S C O N S I N

Dividends



Think your estate is not large
enough for planning? Think again

You still need a will. Everyone does.

Whether you have a large or small estate, a will is an essential document. A thoughtful and well-planned will is critical to ensuring that your intentions are carried out.

If you don't take the opportunity to express your wishes, your state of residence will do it for you.

Each state has its own laws that govern the disposition of property when someone dies without a valid will. In each case the laws simply represent the state's best guess of how someone with surviving heirs would want his or her assets distributed.

Note: A trust can serve the same purpose as a will. Frequently, a will directs all assets to a trust as a central collecting point. Check with your legal advisor on what is best for you and your circumstances.

Three planning pointers

1. If you are single, it is unlikely that the state's plan is exactly what you would have chosen, given the opportunity. Certainly, if you want to direct assets to nonrelatives or to support entities such as the University of Wisconsin-Madison, those choices will not be fulfilled. State laws provide only for relatives.

This could hold special significance if you are single and have no children. You may want more of your assets to go to dear

friends, a favorite niece or nephew, or a valued charitable organization. Without a will, state law may dictate that your assets go to other relatives you did not intend to benefit.

A will ensures that your charitable wishes are in place.

2. If you have children, a will also provides you the opportunity to make extremely important requests about their future should you die while they are minors. You can indicate the person or persons you would want to serve as both the guardian of the children and as the person responsible for managing any property passing to the children. While courts may not be absolutely bound by your wishes, they typically place great weight on the expressed wishes of the parents.

3. For the charitably minded. If you are looking for a way to express your generosity, providing for a favorite organization such as the UW-Madison in your will is a great way to address philanthropic objectives. A will ensures that your charitable wishes are in place without locking yourself into an irrevocable commitment.



TWO SIMPLE WAYS TO INCLUDE THE UW FOUNDATION IN YOUR WILL:

1

Direct a certain asset or a specific amount to us.

2

Direct a percentage of your estate to us (called a “percentage bequest”).

Advantages of the percentage bequest

Making a percentage bequest can avoid unintended consequences in some situations. For example, someone may make a charitable provision for a specific sum—say, \$100,000—at a time when his or her assets are \$500,000, with the balance directed to a spouse. If that person’s assets later decreased to \$250,000 when he or she died, the spouse would get less than originally

intended—in this case \$150,000 instead of \$400,000.

On the other hand, if the charitable provision had been stated as a percentage—say, 20 percent—the charitable gift would have declined in proportion to the decrease in the value of the estate. This would leave \$50,000 more for the spouse: \$200,000 as opposed to \$150,000.

Remember that your will should be a dynamic document. You need to review it any time there is a major change in your life circumstances,

such as marriage, divorce, birth of a child or death of a spouse.

To learn more about making a percentage bequest, contact the Office of Gift Planning at uwf@supportuw.org or (608) 263-4545.

Smart retirement planning: Are you leaving money on the table?

Although a significant percentage of Americans are eligible to participate in employer-sponsored retirement plans, many fail to seize this opportunity. Often, employers will match employee contributions to the company retirement plan—sometimes in amounts greater

Remember that your will should be a dynamic document.

than the employee contribution itself. Failing to take advantage of employer matches truly amounts to leaving money on the table.

If your employer sponsors a 401(k) retirement plan and matches employee contributions, you may be sacrificing a 100 percent return on your retirement savings if you fail to make contributions. If you contribute \$5,000, a one-for-one employer match makes a total of \$10,000 invested for your retirement. With \$5,000 in a currently taxable account that earns 6 percent and is subject to state and federal income tax, it



Visit our website at

www.supportuw.org

will grow to just more than \$10,000 in 20 years, whereas \$5,000 in the retirement plan this year, earning 6 percent total return each year for the next 20 years, will grow to more than \$16,000.

Note: Self-employed individuals have multiple options to create their own tax-advantaged retirement savings plans that operate similarly to employer-sponsored plans. Generally, contributions are not included as taxable income and grow tax-deferred.

Generous and charitably minded?

Saving for retirement also presents opportunities to satisfy charitable goals. For instance, you can name the beneficiary of your retirement plan. Naming the UW Foundation as a beneficiary of some or all of the value of a retirement plan is an excellent way to fulfill your charitable objectives. Because we are tax-exempt, we do not pay income tax on this gift. By directing retirement-plan benefits to us and other assets to noncharitable beneficiaries, you eliminate the tax other beneficiaries would have paid. Many charitable plans generate charitable income-tax deductions, significantly increase your income in retirement and

On our cover: One of the most-loved parts of campus is the Howard Temin Lakeshore Path, connecting Memorial Union with Picnic Point. The path was dedicated in 1998 in honor of Nobel Laureate Howard Temin, late professor of virology and oncology.

provide generous and substantial support to the UW-Madison. Please contact us to learn more.

One of the most common planning mistakes: Letting your IRA or 401(k) pass through your estate to your family

There are many ways to distribute assets at your death other than through a provision in a will or trust. In fact, for many people it is possible to dispose of the majority of an estate by using “beneficiary designations.”

1. “Pay on death” beneficiaries. Many states have provisions that

allow you to designate a “pay on death” beneficiary for most types of accounts. If you choose to make such a designation, the transfer will be honored automatically, without the need for probate.

2. Life Insurance and retirement-plan beneficiaries. Similarly, you have complete freedom to choose the beneficiary of life insurance policies and, with very few restrictions, retirement plans such as individual retirement accounts (IRAs) and 401(k)s. **Note:** Certain plans may require the consent of a spouse for any beneficiary designation that diminishes his or her interest in the plan assets. Be sure to check with your advisors and with the plan administrator before adopting a primary beneficiary designation for anyone other than your spouse.

Next steps:

Are you wondering what your best next step is? Maybe you’d like more information or maybe you’d like to speak with us directly. Here are a few options:

- 1 Visit us online** at www.supportuw.org to learn more about how you can benefit the UW-Madison.
- 2 Return the reply card** to receive a free copy of our new booklet, *Charitable Perspectives in Estate Planning*.
- 3 Call us at** 608-263-4545 to find out about how a gift to the UW Foundation will further the university’s mission and could provide income to you for life.
- 4 Email us** at uwf@supportuw.org. We are happy to answer any questions you might have or send you more information.



Appreciating the connections

In 1959, Hawaii became the 50th U.S. state and a young Lenore Maruyama ('61 B.A. L&S, '62 M.A. L&S) left the islands for the relative unknown at the University of Wisconsin-Madison.

After two years at the University of Hawaii, Maruyama was attracted by the UW's cost, its size and its graduate program in Library and Information Studies accredited by the American Library Association.

"It wasn't entirely a random choice. I didn't want to go to a school on the West Coast, and the East Coast was turning out to be more expensive," she said. "At that time, as far as tuition and enrollment, UW was one of the smaller of the Big Ten universities."

Looking back on a career during which she helped lead innovation at the Library of Congress, among other highlights, Maruyama is sure she made the right choice. "I certainly enjoyed my time there," she said.

The financial aid she received at the UW is one reason she has made student support a priority in her giving. For Maruyama, charitable gift annuities have proven a sound vehicle for her philanthropy on behalf of the UW-Madison.

"This was my way on a relatively small scale of giving back to the University," she said. "For my latest gift, it was the right time. The charitable gift annuity has many advantages. The fact that there is some income coming back during my lifetime helps. The payout and tax advantages fit my situation."

When Maruyama arrived in Madison, "it was the first time I had lived away from home, and it was the first time I had been on the continental United States," she said. "It was the first time I lived through winter, which I wound up mostly enjoying.

"In terms of the education, Wisconsin got me to see what the rest of the world was talking about and



Lenore Maruyama, who received financial aid when she attended the University of Wisconsin, has made student support a focus of her giving.

doing," she said. Her studies prepared her well for her fulfilling work at the Library of Congress. After spending time as a serials cataloger, Maruyama moved into an area that would blaze trails.

"I joined the fledgling automation program," she said. "I was actively involved in a lot of the things we now take for granted. The Library of Congress at the time was able to get into a lot of the heavy work getting library automation started.

"In the late 1960s, people had to use punch cards in computer programming," she said. "Once microprocessors came in, that was a big step in automating libraries. The work we were doing in the late '60s and early '70s really set the groundwork for almost every digital catalog that exists now."

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Appreciating the connections

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Maruyama spent 21 years at the Library of Congress and freelanced in Washington, D.C., into the mid-'90s, when home called.

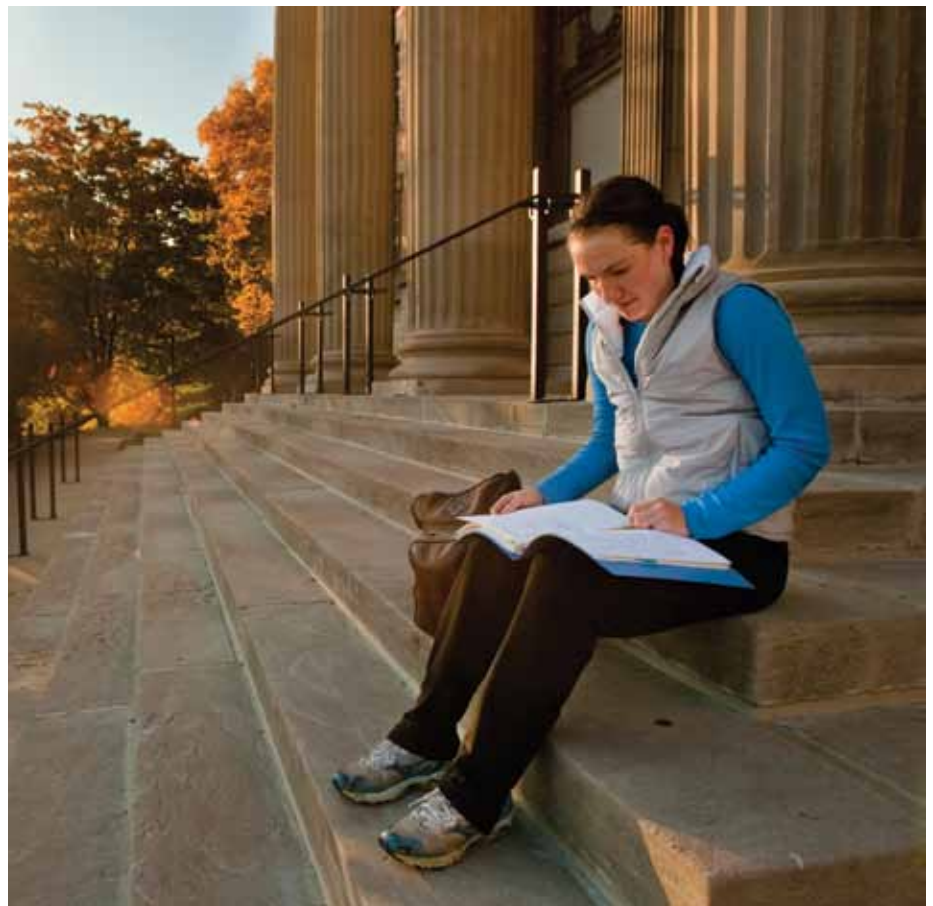
"In July '96, I came back to Hawaii," she said. "That was mostly for family reasons. I got a job as a librarian at the Leeward Community College library in Pearl City, part of central Oahu." She retired in 2007 and enjoys her time on "the most isolated land mass in the world."

"I do like to get away at least once every year," she said. "I was in Madison last summer, and there were so many changes since 1999, the first time I was there after graduating except for short visits in the mid-1960s. One thing that has changed almost completely is the [Howard Temin] Lakeshore Path. When I was an undergraduate, I lived in the dorms that used to be called the Elm Drive Dorms. When it was stormy, the water was basically up to the path. I guess two people could get by then, but it wasn't terribly wide."

Maruyama said she appreciates the UW and the Wisconsin Alumni Association more since returning to Hawaii. "Once I started working in an academic setting again, it was beneficial having those ties," she said.

Those connections are major factors in her decision to support the university and its students.

"Everybody has his or her own criteria," she said. "If the time is right, a charitable gift annuity is a great way to make a gift."



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 www.supportuw.org/update. Please use the identification number located above your name on the *Wisconsin Dividends* mailing label to log in to the website. You will help us to maintain accurate information that is shared selectively with the Wisconsin Alumni Association and any other campus departments and programs with which you may be involved as an alumnus, volunteer, faculty member or donor. Thank you!



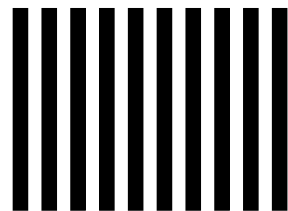
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**Charitable Perspectives
in Estate Planning**

To receive more information, simply return the attached card or call:

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Philanthropy will mean the difference between the maintenance of a great university and the evolution of an extraordinary one.

University of Wisconsin Foundation Vision Statement

____ Please send me a copy of *Charitable Perspectives in Estate Planning*.

____ Please have someone from the University of Wisconsin Foundation contact me about my gift plans.

____ I would like more information on the following types of gifts:

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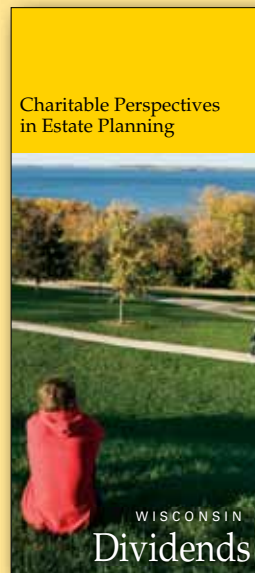


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