



UNIVERSITY OF WISCONSIN
FOUNDATION

CHARITABLE
GIFT
PLANNING
IDEAS

FALL 2015

W I S C O N S I N

Dividends



JEFF MILLER, UW-MADISON, UNIVERSITY COMMUNICATIONS

You can raise your income and
lower your taxes *by the end of the year*

Tom and Karen Falk give \$10 million for scholarships, faculty support

Tom Falk caddied his way into higher education. Karen Falk worked behind the counter of a Rennebohm Drug Store to help her pursue her degree. In the 1970s, when they attended UW-Madison, that was enough. Today financing a UW education is much harder, and the couple is donating \$10 million to ensure that future generations of our students can get a UW-Madison education—and that the UW will have the faculty who make that education one of the best in the world.

The Falks' donation is a combination of an immediate gift and a bequest through their estate. It includes funding for two areas where UW-Madison most urgently seeks support: need-based scholarships and endowed faculty positions.

"I believe that the best people are in every corner in society, and you want to make sure that the best people in society have a chance to rise up," says Tom. "By earmarking some scholarship money to that, you make sure that the best and brightest students have a chance to get an education."

Rebecca Blank, the university's chancellor, says that the Falks "have shown incredible dedication to UW-Madison, and this gift will benefit many future Badgers in years to come."

Caddying leads to a full-tuition scholarship

A 32-year veteran at Kimberly-Clark, where he has been CEO for more than a decade, Tom grew up in the Milwaukee area as the oldest of nine children. As a pre-teen he became a caddy at Chenequa Country Club in Hartland, Wisconsin. "It was the only job you could get as a 12-year-old," he says.

The position was fortuitous because it made him eligible for an Evans Scholarship—a full-tuition award available only to caddies. He earned a degree in accounting at the UW's business school in 1980.



Karen and Tom Falk

Karen is a native of Hartland who in order to make ends meet lived at Zoe Bayliss Women's Cooperative, a low-cost housing option. She graduated from the School of Education in 1980 and has taught and volunteered in elementary schools. The Falks have one son and now live in Dallas.

Tom and Karen endow two scholarships and two faculty chairs

Their experiences inspired them to create the Karen A. Falk Diversity Scholarship Fund in Education to support students from underrepresented groups enrolled at the UW's School of Education, and the

Thomas J. Falk Diversity Scholarship, offered through the Wisconsin School of Business.

“I think it’s really important for children to have role models that look like them or have similar backgrounds to them,” says Karen. “We want to help take those fabulous students and make sure they can afford to complete an education.”

The Falks will also endow two faculty chairs: the Karen A. Falk Distinguished Chair in Education, which will fund the dean of the School of Education; and the Thomas J. Falk Distinguished Chair in Business. Both positions are intended to support the areas of study that the schools’ leaders feel are most important.

The Falks are loyal supporters

The Falks have a long history of support for UW-Madison. Both served on the board of visitors of their respective schools, and Tom recently began a term as chair of the UW Foundation’s board of directors. They urged other alumni to support UW.

“As you look at how education has been financed over the years, it was more state support and less private sector and philanthropic support,” Tom explains. “That’s changing, and as we all know tuition has gone up. And so the themes in this campaign are around faculty support and to make sure that kids who need help can get some scholarship assistance so their dreams can come true here.”

A touching song and pink flamingos

The Falks speak passionately about our university, describing the strong emotions generated when alums sing “Varsity”—and asserting that the university is like no other.

“Part of it is the location,” Karen says. “Right on the lake, the state capital—it’s a beautiful campus. There’s just this feeling—they even have pink flamingos again!”

“We were on campus when the original pink flamingos were put on the top of Bascom Hill,” Tom recalls. “It was

hilarious. One of them wound up in my Evans Scholar room, and the student senate president was running after us yelling, ‘Chicken thieves, chicken thieves!’ ”

“It is the place where you came to grow up,” Karen says. “You graduate from high school and move to campus and you’re responsible for yourself. The growing up part—it creates memories.”

“Our deepest connections are here,” Tom says. “I came back on the foundation board a dozen years ago, and I probably hadn’t been on campus in ten or fifteen years. There’s just something about it that’s electric: always something going on, a buzz about the place that I just haven’t found anyplace else.”

It feels good to give back to the university that did so much for you

The Falk gift forms part of the comprehensive campaign of the UW Foundation, which raises, invests and distributes funds for the benefit of the university.

“You hear people all the time who say, ‘Give until it hurts.’ But I would say, ‘Give until it feels good.’ ” Tom says. “Whatever level you can support, it will make a difference, and it will make you feel better by giving back to the university that did so much for you.”

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 quickly update your information online by visiting www.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 helps us maintain accurate records, which we share selectively with the Wisconsin Alumni Association and other campus departments and programs you may be involved in. Our goal is to keep you well informed.

You can raise your income and lower your taxes *by the end of the year*

As you engage in year-end financial planning, you may have three significant goals that appear to be at odds:

1. I want to increase income for myself and/or loved ones.
2. I want to support UW-Madison.
3. I want to reduce taxes.

More and more Americans today need income to help family members. More grandparents than ever are providing financial support to loved ones, and one out of seven adults between 40 and 60 is now in the “sandwich generation”—providing help to both parents and children—a 25 percent increase over the past decade.

Fortunately, with careful planning you can create income, support charities such as the University of Wisconsin-Madison and reduce your taxes. Yes, you can be charitable while increasing your income from low-earning investments; you can make a gift to charity and avoid high capital gains tax rates; you can even provide supplemental income for a loved one while actually *increasing* your own cash flow—all while meeting your longstanding philanthropic goals.

16 reasons to make an income-creating gift

Check all the ones that apply to you!

- I have stocks that have done well in recent years.
- I want to sell certain stocks.
- I usually make charitable gifts near the end of the year.
- I would like to increase the income from my portfolio.
- I am providing financial support to a loved one.
- I am in a relatively high tax bracket.
- I would like to provide for children, including those who are adults, in a tax-advantaged way.
- I want to transfer wealth at a reduced tax cost.
- I own CDs, bonds or other fixed-income investments.
- I had hoped for a higher interest rate on such investments.
- I would welcome income that is largely tax-free.
- I like the security of predictable income.
- I own rental property.
- I would like to reduce rental management responsibilities.
- I would pay considerable capital gains tax on the sale of the property.
- I want to replace the rental income.

Now read on for examples of charitable gifts that create income while reducing taxes.



The Lakeshore Path is the perfect setting for conversation.

You can receive income and reduce taxes with a gift of appreciated securities

The good news. If you are a senior citizen, you may have emerged from the recent recession in reasonably fine shape. An article in *The New York Times* noted that most individuals between the ages of 65 and 74 are better off financially than past generations and can enjoy a secure old age.

The bad news. The top tax rate on capital gain in securities has increased from 15 percent to 20 percent, and with the addition of the Medicare surtax of 3.8 percent, gain in securities can be taxed at 18.8 percent or 23.8 percent, depending on one's income level.

An opportunity. You can convert some of those appreciated securities to cash payments for life, pay no tax on their capital gain when you sell them and generate a charitable deduction that will reduce your taxes.

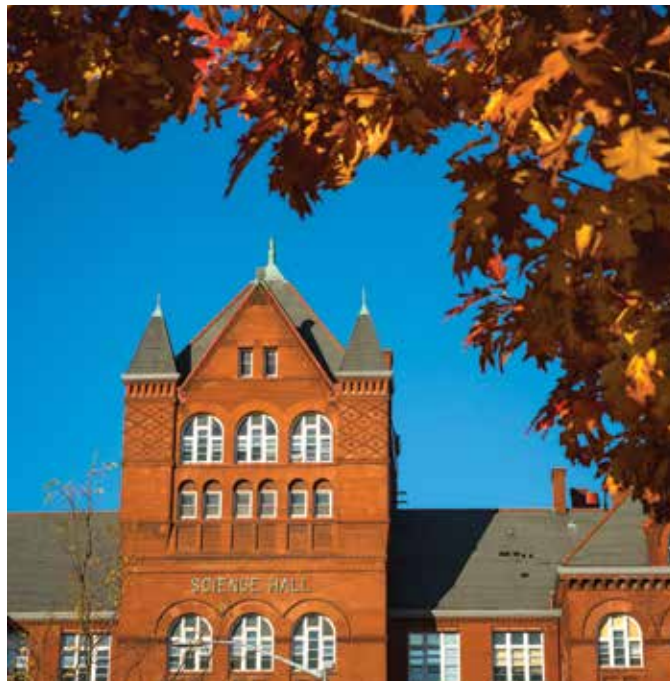
You can help support loved ones with a gift that helps you too

The good news. You have a wonderful extended family, your greatest blessing in life.

The bad news. You may have an elderly parent who needs financial assistance to help with costs of a retirement home. You may have grandchildren who need help paying for college. You may have adult children who are struggling. A high percentage of younger college graduates are unemployed or underemployed, burdened with student loan debt and earning less than \$30,000 per year. Many who are older with families are finding that wages have not kept pace with rising costs.

An opportunity. There is a way to provide supplemental income to a parent or adult child while reducing your income tax and increasing your spendable income. At the same time, you would provide for the University of Wisconsin-Madison and pass your values and resources to family members.

To learn more, send for a free copy of our *2015 Year-End Planning Guide: Charitable Ways to Increase Income and Decrease Taxes*.



The iconic Science Hall set against a clear autumn sky.

You can turn a low-interest investment into a high-interest gift

The good news. If your children or grandchildren are purchasing a home, they certainly appreciate current mortgage rates of 3.5 percent to 4 percent. Low interest rates are also helping the economy recover and have been partially responsible for your stocks appreciating in value.

The bad news. The interest you are earning on bonds, CDs and money market funds is near the lowest in history. While you continue to invest some of your assets in equities, you also want to reduce your exposure to the volatility of the market, so you have a significant amount in those low-interest, fixed-income investments.

An opportunity. You can increase your cash flow while making a gift to support our work by contributing a maturing CD, money market funds, bonds or bond mutual funds to the UW Foundation for a gift annuity. The payments you receive could be three or four times the interest you are now receiving, a substantial portion of the payments would be tax free and you would receive a charitable deduction. For an example and sample gift annuity rates for different ages, request your free copy of our year-end planning guide.

You can make a tax-wise gift with rental property

The good news. You may have purchased rental real estate some years ago that has proved to be a good investment. You saved taxes by systematically depreciating it, and since 2009 the value of the property has steadily increased.

The bad news. You are now looking for an exit strategy, but you realize that selling the property would be quite costly. That is because your adjusted cost basis as a result of the depreciation is quite low and the tax rate on the gain attributable to depreciation can be 25 percent (28.8 percent including the surtax).

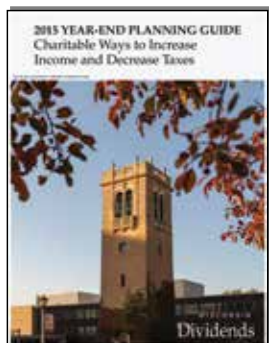
An opportunity. You could transfer the property to a charitable remainder unitrust with the UW Foundation. There would be no tax on the gain when you transfer it or when the trust sells, so the entire proceeds can be invested to generate income for you—or for you and your spouse or other beneficiary—for life or for a term of years. An added benefit is a charitable deduction.

You will find an example in the year-end planning guide. Remember to start early if you want to complete such a transaction before year-end because a gift of real estate takes time.



The Carillon Tower stands guard over the Social Sciences Building.

Request our free booklet to learn how to increase income while decreasing taxes



- 1** **Return the attached reply card** to receive a free copy of our new booklet, *2015 Year-End Planning Guide: Charitable Ways to Increase Income and Decrease Taxes*.
- 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**. We are happy to answer any questions you might have or send you more information.
- 4** **Request it online at www.supportuw.giftplans.org/Year-End**.



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or call 608-263-4545.

Office of Gift Planning

Scott McKinney
Chief Administrative Officer and Director of Legal Affairs
608-262-6241
scott.mckinney@supportuw.org

Michelle Green
Senior Director
608-308-5336
michelle.green@supportuw.org

Jennifer McFarland
Associate Vice President
608-308-5311
jennifer.mcfarland@supportuw.org

Colin Nemeth
Senior Director
608-308-5334
colin.nemeth@supportuw.org

Cathy Webb
Senior Director
608-308-5316
cathy.webb@supportuw.org

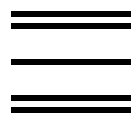
Andrea Shiu
Program Manager
608-308-5518
andrea.shiu@supportuw.org

The information contained herein is offered for general informational and educational purposes. The figures cited in the examples and illustrations are accurate at the time of writing and are based on federal law as well as IRS discount rates that change monthly. State law may affect the results illustrated. You should seek the advice of an attorney for applicability to your own situation.

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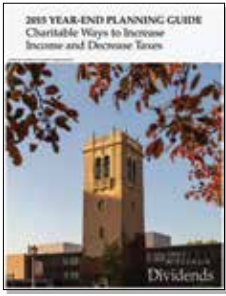
By including us in your estate plan, you qualify
for membership.

- Receive a certificate of membership.
- Receive a special Wisconsin Legacy Society picture frame.
- Receive special invitations to UW-Madison alumni events.

Contact the office of gift planning today!

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:

www.supportuw.org/legacy



RETURN THIS CARD to get your year-end planning guide

- Please send me a complimentary copy of your new booklet, *2015 Year-End Planning Guide: Charitable Ways to Increase Income and Decrease Taxes*.
- 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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UNIVERSITY OF WISCONSIN
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1848 UNIVERSITY AVENUE
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The University of Wisconsin Foundation engages those who care about the university, provides opportunities to enhance its teaching, research and outreach programs and guarantees ethical stewardship of the gifts received.

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