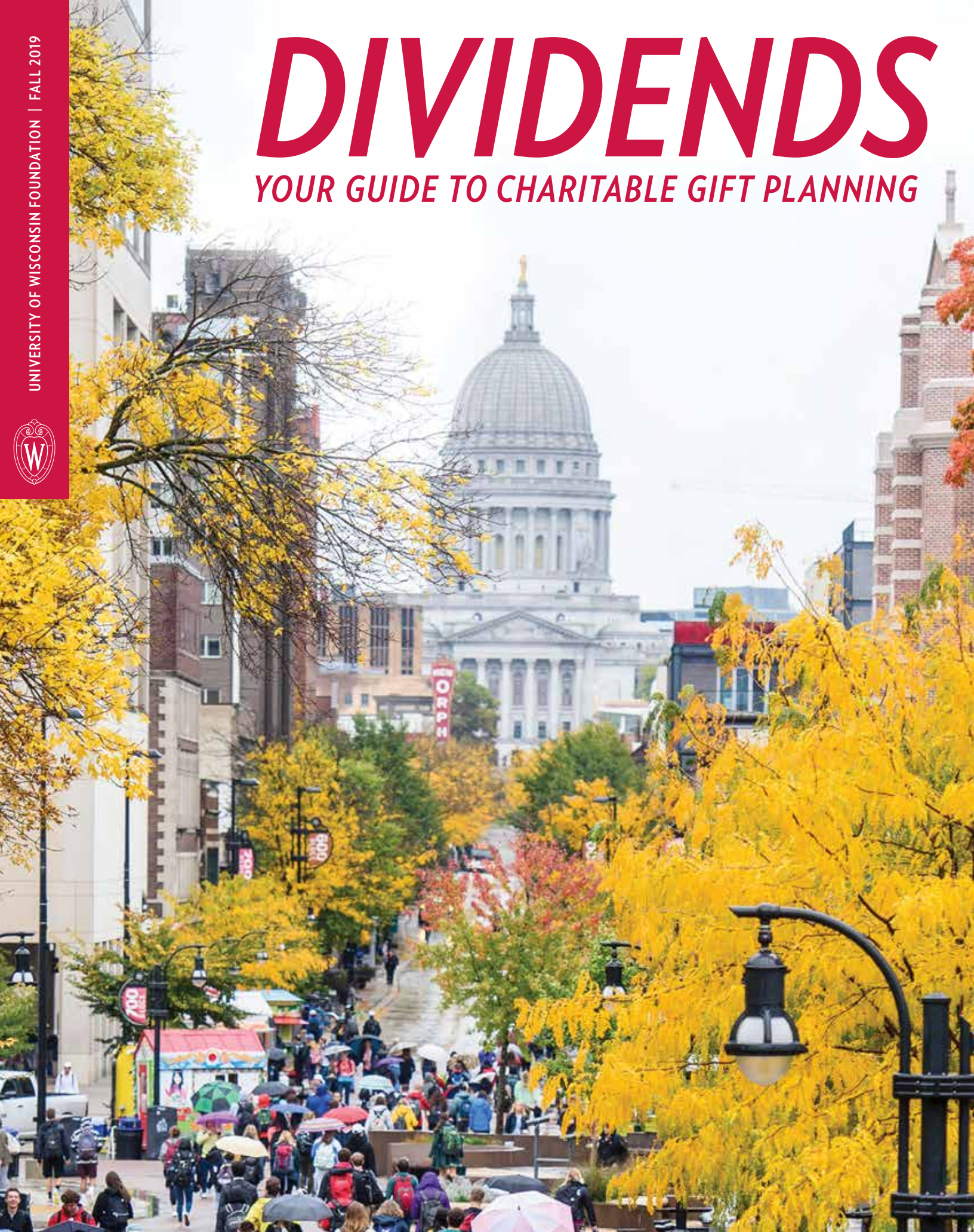




# ***DIVIDENDS***

***YOUR GUIDE TO CHARITABLE GIFT PLANNING***



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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Jon Sorenson with a photo of his late husband, David Bedri. Photo by Dana Cray

# GIVING BACK FOR A BETTER SOCIETY

**CELEBRATING AND SUPPORTING THE ARTS – THIS IS THE LEGACY THAT JON SORENSON '85 AND DAVID BEDRI WILL LEAVE BEHIND, BENEFITING GENERATIONS OF BADGERS FOR YEARS TO COME.**

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**W**hen Jon Sorenson '85 and David Bedri met in San Francisco in 1997, it was love at first sight. For the 20 years that followed, they were partners in all things until Bedri's passing in January 2018 from a rare form of pancreatic cancer. Having a full year together before Bedri died granted them the chance to plan and prepare bequests to uphold arts initiatives at UW–Madison — a legacy to sustain some of the things that held the most meaning for them.

“In terms of our backgrounds and value systems, David and I both came from families that embraced the arts, and that is embodied in our estate gifts. I love everything that we do at the university — everything it's about — but so often, the arts don't get the necessary support,” Sorenson shared.

The youngest of five children, Sorenson grew up in Milwaukee. With a mother and a grandmother who were amateur painters, he has led a life adorned with art and music since the beginning. Early exposure to museum education ultimately



The sun sets over the newly expanded Chazen Museum of Art. Photo by Jeff Miller, University Communications

led him to earn a BA in art history at UW–Madison. After completing his graduate work at Williams College, Sorenson packed up his 1977 Buick Century with everything he owned and set out for California. It was that adventurous spirit that led him to a successful career in the high-end art world and to broadening his horizons as a fourth-grade teacher to students at a high-needs school in Long Beach.

Similarly, Bedri's life was steeped in the arts. He was a piano prodigy, and many of his family members in Jerusalem have been giving to the arts for generations. His father, a physician, was first violinist for the Los Angeles Philharmonic in the 1920s. After pursuing a liberal arts degree at the University of California–Berkeley and completing his MBA at the Wharton School, Bedri built a flourishing Wall Street career in New York before retiring to California to care for his mother who was battling Alzheimer's disease.

### THE ART OF LEAVING A LEGACY

After a life-changing relocation and five years residing in New Zealand, Sorenson and Bedri made their way back to the States where Jon launched what would become a very successful 12-year career in development with

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**“We wanted our legacy to be that we made a difference in our lifetimes – on the people we interacted with and the work that we did. We have the ability to change lives.”**

**– Jon E. Sorenson**

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the UW Foundation. During that time, Bedri took advantage of being in Madison and enjoyed auditing a variety of classes at the UW, including art history, and went on to become a proud honorary Badger.

“The world of philanthropy came very naturally to me and gave me a sense of purpose,” Sorenson says. “I knew I had found the perfect job when I began working at the UW Foundation. The work I did there – I really feel like it made a difference.”

With a shared love of and respect for the UW, Sorenson and Bedri invested in what meant the most to them: giving back for a better society.

“Our philanthropy is reflected in the Museum Education Fund at Chazen Museum, the Music Professorship for Mead Witter School of Music, and the Tandem Press Fund created in David's memory. He loved being a part of the

wine auction committee, and I love the work that they do,” Sorenson says.

The couple created endowed funds with clear language and intent that the gifts remain as flexible as possible. They understood that needs and priorities change over time and that discretionary freedom would better serve future leaders.

“We wanted our legacy to be that we made a difference in our lifetimes – on the people we interacted with and the work that we did. We have the ability to change lives,” Sorenson shared.

In addition to an outright contribution to the Hamel Music Center Building Fund before David passed, Sorenson also gave a gift to name seats in the new performance center. “I gave a gift to name two seats at the Hamel Music Center,” says Jon. “I wanted to have our names attached to something inside the Center. And as long as the building is there, we'll be next to each other for perpetuity.”

# YOU CAN SOLVE MANY PROBLEMS WITH A GIFT THAT PROVIDES INCOME FOR LIFE

A gift to another person might solve that person's financial problems, but it is hard to imagine how making a gift could improve one's own financial situation. Doesn't a gift, whether to a family member or a charity, reduce one's income because the donated asset is no longer available for investment? In the case of many types of gifts, that is true; but a gift annuity may actually increase your cash flow while helping a charitable organization, such as ours, fulfill its mission.

A charitable gift annuity (CGA) is known as a "life-income" gift because it makes payments to you (or your loved ones) for life — and those payments can solve many financial concerns. You make the gift and receive an immediate tax deduction and can begin receiving tax-favored payments immediately or defer them to a later date. The eventual remainder goes to the University of Wisconsin Foundation, and you can designate the purpose. CGAs are an extremely safe way to receive income from your gift because the payments are backed by all of the assets of the University of Wisconsin Foundation.

The five significant financial-planning problems are briefly described on the following pages, with much more explained in our complimentary guide, *Your Problems Solved with a Charitable Gift Annuity*.

## PROBLEM 1: YOUR INVESTMENTS ARE EARNING LESS THAN YOU EXPECTED

For several years interest rates on CDs, money market funds, and other fixed-income investments have been at near historic lows. Interest rates were higher when those now retired were working. Likely, you projected your retirement income based on the assumption that those earlier, higher rates would continue.

**Solution:** You can more than double your spendable cash with a gift annuity with the University of Wisconsin.

**Example:** Elizabeth, 76, contributes a maturing CD or shares in a bond fund for a gift annuity. Her annuity payments are 6.4 percent of the amount she contributes, whereas

the interest on her fixed-income investments ranges from 2 percent to 4 percent. Unlike the interest on her current investments, the annuity payments she receives from us are partially tax-free. Moreover, she receives a large charitable deduction that reduces her taxes on her total income.

## PROBLEM 2: YOU WANT TO AVOID CAPITAL GAIN ON APPRECIATED SECURITIES

Perhaps you were among those who held on to stocks in quality companies during the severe declines of the 2000s and who purchased additional stocks when prices were low. Possibly, you are considering harvesting your gain and reinvesting the proceeds to generate more income. However, you hesitate to do that because of the tax you would incur on the capital gain.

**Solution:** Your capital gain is reduced when you fund a gift annuity with stock. Read an explanation and example in our complimentary guide, *Your Problems Solved with a Charitable Gift Annuity*.

## PROBLEM 3: YOU'D LIKE TO HELP A RELATIVE BUT NOT USE AFTER-TAX DOLLARS

There are now about 12 million Americans over the age of 80, and many of them are receiving support from adult children. Possibly, you are now in your peak earning years and you want to enable a parent to have the best of care, but you would like minimal impact on your cash flow.

**Solution:** You use appreciated securities to fund a gift annuity with the University of Wisconsin and name your relative as the annuitant. The annuity income replaces the after-tax payments you had been making. Your cash flow improves because the savings from not making the payments is far more than the dividends you had been receiving from the securities. Read a detailed explanation and example in our complimentary guide.

## PROBLEM 4: YOU'RE PLANNING YOUR RETIREMENT AND WANT MORE INCOME STREAMS

The most tax-efficient way to save for retirement is through



Students enjoy the beauty of autumn as they walk to class on Observatory Drive. Photo by Andy Manis

## STAY IN TOUCH WITH US!

The University of Wisconsin–Madison wants to stay in touch with you. As the 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 [badgerbridge.com](http://badgerbridge.com). 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 a graduate, volunteer, faculty member, or donor.

an IRA or other qualified retirement plan such as a 401(k) or 403(b). That is because the money invested in those plans is not subject to current income tax and grows tax-free. But there are limits to how much can be contributed to these plans. Perhaps you have bumped up against that limit, and you are interested in a tax-favored way to accumulate still more to ensure a high quality of life during retirement.

**Solution:** With a flexible deferred gift annuity with the University of Wisconsin, you can decide later when to start receiving payments — whenever you decide to retire. And there is no limit to how much you can contribute.

### PROBLEM 5: YOU SEEK A GIFT THAT IS NOT A MANAGEMENT BURDEN

You can leave a bequest to a loved one through your will, and you can name a loved one as a beneficiary of life insurance, an investment account, or a retirement fund. Your loved one will have to invest the money and, lacking experience, might do so unwisely.

**Solution:** You can fund a gift annuity with the UW with your loved one as the annuitant who receives a stream of payments. We take on the investment and management responsibility — backed by all the assets of the University of Wisconsin Foundation. Read an explanation and example in our complimentary guide.

### NEW HIGHER GIFT ANNUITY RATES MEAN MORE INCOME FOR YOU!

Recently, the American Council on Gift Annuities approved an increase in recommended gift annuity rates, the first change since 2012. New gift annuities created after July 1, 2018, allow you to lock in the new, higher rates and guarantee a stream of income that is fixed for life — providing security for your future.

#### Benefits of establishing a gift annuity:

- Obtain relief from taxes. You receive a charitable deduction, and each payment you receive is partly tax-free for your life expectancy.
- Enjoy the security of higher income payments for life.
- Achieve the satisfaction of making a meaningful difference at the University of Wisconsin Foundation.
- Complete this simple arrangement through the mail.

### SAMPLE GIFT ANNUITY RATES

ONE LIFE		TWO LIVES	
Age	Rate	Ages	Rate
65	5.1%	65–70	4.7%
70	5.6%	70–72	5.1%
75	6.2%	75–78	5.6%
80	7.3%	77–80	5.9%
85	8.3%	82–85	6.9%



Students fill the Reading Room at the State Historical Library at UW-Madison. Photo by Andy Manis

## THE THREE KEY GROUPS THAT ESTABLISH GIFT ANNUITIES. ARE YOU IN ONE OR MORE OF THEM?

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Our complimentary guide describes how each of these groups can solve financial problems with charitable gift annuities (CGA).

### 1. RETIREES SEEKING TO INCREASE CASH FLOW

Many CGA donors are aged 70 and older and have reached that stage of life where the security of fixed payments unaffected by the marketplace is of paramount importance. Their income from investments is likely lower than anticipated, and they are looking for ways to increase cash flow.

### 2. PROFESSIONALS SAVING FOR RETIREMENT

There are also a fair number of middle-aged gift annuity donors, mid-life professionals aged 45-60 who have been contributing the maximum possible to their 401(k) or other retirement plan and would like to accumulate more for retirement.

### 3. OWNERS OF APPRECIATED SECURITIES

Another group of gift annuity donors own appreciated securities paying modest dividends. They are concerned about incurring tax on the capital gain as they reposition their portfolios. They are interested in generating more income to help replace the salary they will lose upon retirement.



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MADISON WI 53726-4090



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TO MAIL: FOLD, TAPE, AND APPLY FIRST-CLASS POSTAGE STAMP.



Photo: Jeff Miller, University Communications

**REQUEST YOUR COMPLIMENTARY GUIDE  
NOW TO SOLVE FINANCIAL-PLANNING  
PROBLEMS WITH A GIFT ANNUITY**

1. Return this card
2. Online at [supportuw.giftplans.org/cga](http://supportuw.giftplans.org/cga)
3. Call 608-263-4545

**FOR MORE INFORMATION**

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

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.

Visit [supportuw.org/gift-planning](http://supportuw.org/gift-planning) to learn more.

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Did you know that sharing your estate gift intentions can also count as a gift to the university's campaign? Whether your plan is a gift through a will or trust or naming the University of Wisconsin Foundation as a beneficiary of a retirement plan or life insurance policy, contact us so that we can celebrate your important future support today!

[ALLWAYSFORWARD.ORG](http://ALLWAYSFORWARD.ORG)

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**RETURN THIS CARD TO LEARN HOW  
A GIFT ANNUITY COULD BENEFIT YOU**

Please complete the checklist and provide your contact information below. To mail: detach card, fold, tape, and apply a First-Class postage stamp.

- Please send me a complimentary copy of *Your Problems Solved with a Charitable Gift Annuity*.
- I have included the university in my estate plan and have not previously notified you.
- 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                               Charitable trusts
  - Gift annuities
  - Other \_\_\_\_\_

SCORE

**PLEASE PROVIDE YOUR CONTACT INFORMATION**

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone (\_\_\_\_\_) \_\_\_\_\_

Email \_\_\_\_\_



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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**

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 [supportuw.org/legacy](http://supportuw.org/legacy)