



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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Make a Gift of Your Home – And Retain Possession

FOCUSING ON FUTURE LEADERS

With deep roots in Madison’s art and business communities, the Bolz family name is well known across the UW campus and beyond. Their generous endowment for the Bolz Center for Arts Administration at the Wisconsin School of Business in 1993 is a prime example of their longstanding commitment to giving back with a focus on training future business leaders. As part of that legacy, John (Jack) ’50 and Marian Richter Bolz are honored to contribute in ways that have made such a difference to so many who aspire to lead our nation’s flourishing arts organizations.



John (Jack) '50 and Marian Richter Bolz

“We recognize that we have been very fortunate in our own lives and want to give back,” says Jack. “The people who lead the arts need management skills, and we have seen the impact of our family’s past donations on the community.”

Jack’s parents had an enduring passion for music and the arts. He grew up in Maple Bluff, Wisconsin, in a home teeming with artwork. His love for music and the arts evolved naturally. As a young boy, he enjoyed playing the clarinet. To this day, he maintains a keen interest in classical symphonic and country music. When it came time to seek higher education, Jack chose the UW’s College of

Letters & Science, earning a degree in political science and economics and solidifying his Badger loyalty.

Hailing from Chicago, Marian and her younger brother also had the good fortune of a childhood steeped in music and the arts. Early on, she fell in love with playing the piano. After high school, Marian made her way to Northwestern University. In 1950, she also earned a degree in political science and economics.



“We were inspired to give this gift in order to continue the department’s success and ensure it will sustain itself into the future.” — Jack Bolz

Grainger Hall is bathed in the golden glow of dawn.
Photo by Bryce Richter, University Communications

It was 1956 when Jack’s older brother, Robert ‘44, a graduate of the UW Department of Engineering, was preparing to marry Anne Wilkins and asked Jack to be his best man. Serendipitously, Anne’s dear friend and roommate from Northwestern — Marian Richter — had agreed to be her maid of honor, further proving that some things are just meant to be. Jack and Marian wed the following year and raised five children together: Joan, Carolyn, Julia, Cathy, and John. They encouraged each of their children to embrace the arts as they had, offering ample opportunities to participate in music, drama, art, and ballet lessons. Jack and Marian found great joy in sharing their mutual love of plays, concerts, and shows, nurturing the passions they had enjoyed in their own childhoods.

Giving back is a part of Jack’s DNA; his mother and grandparents took a special interest in art and developing artists and musicians. Harmoniously, Marian’s passion for the arts grew as she immersed herself in the business side of running arts organizations and applied her exceptional managerial and marketing talents as a volunteer. Later in life, she would serve on the boards of numerous arts organizations in Madison, including the Madison Symphony Orchestra, the

Wisconsin Youth Symphony Orchestra, and the Madison Museum of Contemporary Art.

“The Bolz family has a robust and long-lasting philosophy of the importance of giving back and contributing to society and community,” shares their daughter Cathy. “Our parents, grandparents, and great-grandparents served as excellent role models through their own philanthropy.”

Together, their family sponsored the Bolz Center program to prepare future arts leaders for the unique challenges that arts organizations face and the particular needs of the arts field. Over the past 27 years, the center has become a national leader in training executives to understand the arts and artists to understand business.

A HOME FOR THE ARTS

Inspired by these deep roots of philanthropy, Jack and Marian have continued funding the center. It was only natural for them to want to make a significant contribution when the time came to move on from their family home in Rancho Mirage, California. Once more, serendipity played its part; the estate was previously owned by Jack’s mother, Eugenie Mayer Bolz, who frequently entertained

artists and musicians, including pianist Earl Wild, composer and pianist Gunnar Johansen, and the founder of the Palms Springs Art Museum.

“This house was a lively gathering place for artists and those who appreciate the arts. It seems fitting that the proceeds from this home’s sale be used to improve the arts through the education of arts administrators,” shares Jack.

This gift of property is a testament to their belief in the mission and value of the Bolz Center program. The sale proceeds will provide a significant contribution to the center, ensuring its continued success for the generations that follow. Jack and Marian have been doubly fortunate to see the results of their generosity firsthand. As volunteers, board members, and donors, they have worked with graduates of the program who have attained top executive positions and are already making a difference in many arts organizations throughout the country. For Jack and Marian, theirs is a life of goodwill and giving back.

“We expect nothing in return for our giving except to visualize the betterment of the arts,” says Jack. “The fact that we can make the arts more effective and accessible is most important to us.”

MAKING YOUR REAL ESTATE WORK FOR YOU

“Buy land – they ain’t making any more of that stuff.”
– Will Rogers

Perhaps no one was better than Will Rogers at distilling a complex concept into a simple, meaningful phrase. More than 80 years later when the U.S. population is 2½ times what it was in his time, Will Rogers’s statement is still apt. Indeed, the quest to own one’s own home is the “American Dream” pursued by two out of every three families.

In addition to providing a place of belonging for families, real estate has proved to be one of the best investments — not only for the wealthiest people but also for smaller investors who purchase rental property. A major benefit of real estate investing is leverage. With a down payment of only a fraction of total value, the investor benefits from the appreciation of the entire property. Another appeal is the fact that, with very few exceptions, real estate values have increased every year for the past 70 years.

One of the current attractions of real estate investing is the very low mortgage interest rates. This has made the monthly payments more manageable both for the homebuyer and the purchaser of rental property.

A major disadvantage of owning real estate is the lack of liquidity. Unlike securities, real estate can take a while to convert to cash. This can complicate the settlement of an estate that consists of a lot of real estate holdings. Another disadvantage is management responsibilities, which can become more burdensome as the owner ages and wants to simplify life. If the owner decides to sell, the capital gain is taxable — a portion of it at a higher rate if the property has been depreciated.

Thus, if you own real estate and you would like to make a gift to the University of Wisconsin Foundation, you might consider making your gift with real estate. As the remainder of this newsletter shows, this could be done in a variety of ways that can save taxes and provide other financial benefits.

REAL ESTATE: AN EXCELLENT CHOICE TO FUND YOUR CHARITABLE GIFT TO THE UW

If you have invested in real estate that has appreciated in value, you can contribute that property, avoid taxation of the capital gain, and receive a charitable deduction for the appraised fair-market value.

Gift Spotlight: Tom has undeveloped land that he purchased several years ago for \$50,000 and is now worth \$200,000. If he sells the property, he will owe \$28,200 tax on the capital gain (assuming a capital-gain rate of 15% plus the Affordable Care Act Surtax of 3.8%). He claims a deduction for the land’s \$200,000 market value, which, given his 32% tax bracket, saves him \$64,000. The real cost of Tom’s gift of \$200,000 (compared to selling the property) is only \$107,800.

This gift of real estate also addresses an eventual issue of estate liquidity, since Tom has disposed of an illiquid asset that might take time to sell and preserved his cash and securities.

YOU CAN GIVE A FRACTIONAL INTEREST IN REAL ESTATE

Perhaps you would like to make a gift with real estate, but you do not want to give the entire property. In that case, you can give an undivided fractional interest in the property. It is relatively easy to deed a fractional interest rather than the entire interest.

Gift Spotlight: Suppose that Tom in the previous example contributed to the UW an undivided 50% fractional interest in the land. He would avoid tax on one-half of the capital gain, and his charitable deduction would be the value of the 50% interest. Prior to the sale, Tom and the University of Wisconsin Foundation would be tenants-in-common and would jointly arrange for the sale.



A view of Carillon Tower through an early autumn snowstorm. Photo by Bryce Richter, University Communications

STAY IN TOUCH WITH US!

The University of Wisconsin Foundation 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 uwalumni.com/services/update-info. 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.

PART GIFT AND PART SALE LETS YOU RECOUP VALUE

If you want to use real estate to make a gift to us but need to recoup some of its value, you can accomplish this through the use of a strategy known as a bargain sale — which is exactly as it sounds. Unlike giving a fractional interest in a property, you sell the entire property to us but for a price that is less than what the property is worth. Typically, such a gift generates a charitable deduction equal to the difference between the appraised value and the sale price. The capital gain on which you are taxed is the difference between the selling price and your adjusted cost basis.

Gift Spotlight: Bill and Martha plan to move to a retirement community, and the residence they will be vacating is valuable to the University of Wisconsin Foundation. Their home is appraised at \$1 million, and they are willing to sell it to us for \$500,000 — which is the amount they plan to invest in a smaller retirement home to which they will be moving. Thereby, they generate the cash they need for the transition, and they fund the endowment they had long intended. They will receive a charitable deduction for \$500,000, which will reduce their income tax during the next few years they are claiming that deduction. Because they are taxed only on the gain in the sale portion and they have a \$500,000 capital-gain exemption for the disposition of a personal residence, they pay no tax on the capital gain.

MAKE A GIFT OF RENTAL PROPERTY AND RECEIVE LIFE INCOME

If you own appreciated rental property that you no longer wish to manage, you could give that property to a charitable remainder unitrust. The trust would pay income to you, or to you and another person such as a spouse, for life and then the remaining trust assets would be transferred to the University of Wisconsin Foundation to be used for whatever purpose you have designated.

Gift Spotlight: James and Joan own a duplex that they have been renting, and they would like to sell it; but they hesitate to incur the tax on the capital gain. Instead of selling it, they contribute it to a charitable remainder unitrust that, beginning the year following the sale of the property, will pay them 5% of the value of trust assets as determined the first of each year. Prior to the time they start receiving the 5% of trust assets, they will receive net rental income. They will not be taxed on the capital gain when they transfer the property, and the trust will not be taxed on the gain when the property is sold. Also, they receive a charitable deduction for the value of the remainder that will be distributed for charitable purposes.



A student walks across the Park Street pedestrian bridge during an early autumn snowstorm. Photo by Bryce Richter, University Communications

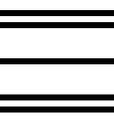
MAKE A GIFT OF YOUR HOME – AND RETAIN POSSESSION

Perhaps you would like for us to have your residence one day, but you want to continue living there for the rest of your life.

Leaving your home to us in your will does not create any current tax benefit to you as a homeowner. However, with a gift of a remainder interest with a retained life estate, you can retain the right to live in your home for life and receive a valuable charitable deduction now. The size of the deduction depends on the property's value and the age(s) of the person(s) retaining life use.

Gift Spotlight: Alan, aged 78, had intended for some time for the University of Wisconsin Foundation to eventually have his \$500,000 home, so he specified in his will that we would receive the home at his death. To realize tax savings during his lifetime, Alan decided instead to transfer title to the house now — subject to a life estate during his life. This allowed Alan to claim a charitable deduction of more than \$400,000. He would have up to six years (the year of the gift plus five carry-over years) to use the deduction. Through this arrangement, he realizes significant tax savings without altering his lifestyle.

Because of the very low IRS interest rate used in calculating the charitable deduction, the deduction for such gifts is now larger than it has ever been.



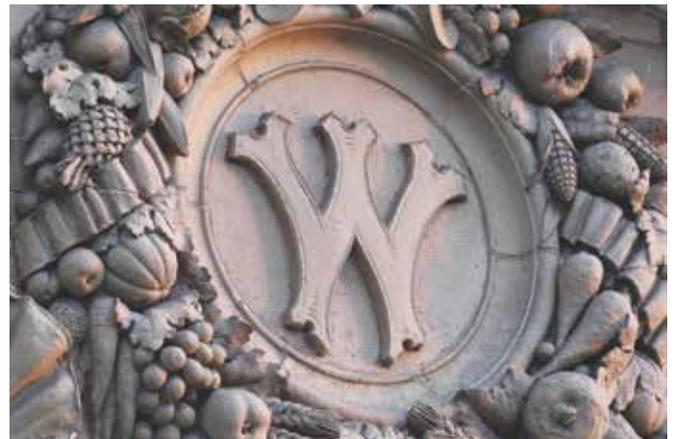
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FOR MORE INFORMATION

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. We are happy to answer any questions you might have or send you more information.

Visit supportuw.org/gift-planning to learn more.

Or contact:

Jennifer McFarland MA'96

Associate Vice President and Managing Director
608-308-5311
jennifer.mcfarland@supportuw.org

Andrea Shiu '07

Senior Development Program Manager
608-308-5518
andrea.shiu@supportuw.org

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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

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GET YOUR HELPFUL GUIDE TO DISCOVER THE BENEFITS OF PLANNING WITH REAL ESTATE

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 ***How to Realize Maximum Benefits from Your Real Estate***.
- 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
 - Securities
 - Gift annuities
 - Other _____
 - Gifts from an estate
 - Charitable trusts

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PLEASE PROVIDE YOUR CONTACT INFORMATION

Name _____

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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 supportuw.org/legacy