



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.

INSIDE THIS ISSUE

PAGE 2

Donor Profile:
**A Legacy Rooted
in Well-Being**

PAGE 4

**How the New CARES Act
May Affect Your Gift Planning**

PAGE 6

We Are Here for You



Photo by Linda Sparks

A LEGACY ROOTED IN WELL-BEING

Mindfulness and compassion are at the heart of everything for Fran Orrok. So, when a colleague introduced her to renowned UW–Madison neuroscientist Richard Davidson at the Center for Healthy Minds (CHM), Fran was immediately inspired. She began making contributions to support the important work being done at CHM toward its mission of promoting well-being and relieving suffering through a scientific understanding of the mind.

“Mindfulness is a catch-all word today, but overall it’s looking at the numerous ways we can increase our well-being by simply paying attention to what we think and how we breathe,” says Fran. “Observing how we treat ourselves when waiting at a red light can be very revealing!”

Originally from Chicago, Fran earned her bachelor’s degree from the University of Michigan and her PhD in psychology from Wayne State University. She enjoyed a full and rewarding career as a psychology professor and psychotherapist. Her husband Tim grew up in Cambridge, Massachusetts, attending local schools, culminating in a PhD in physics from Harvard. Tim enjoyed a successful scientific

career at Bell Laboratories in New Jersey. For a decade in the 1960s, he worked in Washington, D.C., solving problems that helped put man safely on the moon.

While Fran and Tim aren't graduates of the UW, their connection to the university is strong and sparks from a passion for investing in a better world. They became the first donors to leave a bequest for the Center for Healthy Minds.

"Our kindness and compassion affect the people around us. The work that the center is doing is focused on maximizing that. It's the little things that happen every day that make a difference," says Fran.

Kindness and compassion are the cornerstones of their relationship. When they were single, Fran and Tim each enjoyed sailing. After an accident on the water, Fran needed a trailer for her damaged sailboat. She rode her bike to Tim's house to inquire about borrowing his trailer, and Tim happily obliged — and recommended they have dinner as well. They've now been together for 43 years.

A MINDFUL APPROACH TO PHILANTHROPY

The Center for Healthy Minds is celebrating its ten-year anniversary in 2020. Its neuroscience-based research comes down to one basic question: *What constitutes a healthy mind?* The organization's core values — making an impact on the world; conducting their work with rigor; and cultivating a prosocial workplace by interacting with respect, kindness, compassion, and gratitude — aligned with the Orroks' ideals.

"I'm a practitioner, so I can consider that I really am doing mindfulness practice 24

"Support what you care deeply about — I want to see a world where well-being is a value for everyone."

— Fran Orrok

hours a day. I was initially intrigued, and I continue to be intrigued by the work that the [Center for Healthy Minds] is doing," Fran says. "When it comes to impact, one thing I'm very clear about is just how interconnected everyone's well-being is — and well-being depends on what we think."

About ten years ago, the Orroks relocated from the west coast to Green Valley, Arizona. While Fran hasn't been able to visit Madison in the last couple of years, she is hopeful about taking a trip to CHM once the timing is right. When considering the legacy they wanted to leave, Fran and Tim had a strong desire for their money to go where it would truly support their values. They chose a charitable gift annuity as the perfect vehicle to protect their income flow and provide a gift that would advance the study of mindfulness and well-being.

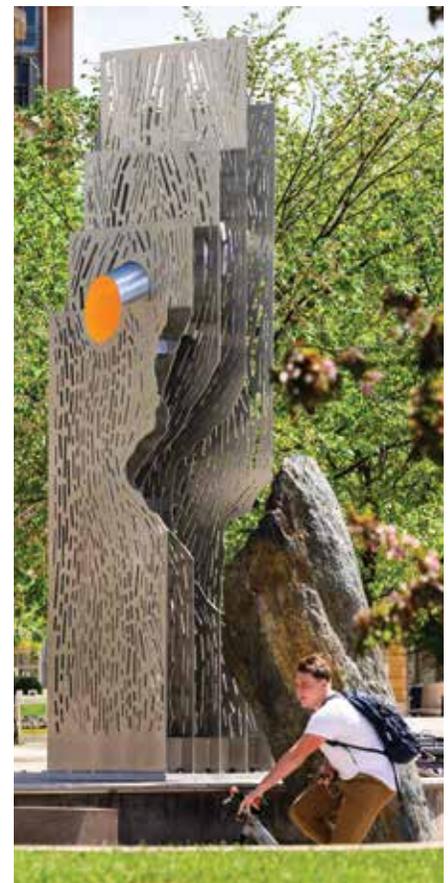
"My passion is that people should be able to live together in ways that support each other. As COVID-19 is showing us, we are all inextricably connected on more levels than we ever imagined. Whether we smile at each other or frown, these are simple ways that we can make a real difference in our own well-being. If we can just remember that and come from a place of caring, everyone benefits," Fran says.

A planned gift can be the most significant legacy a donor can leave, validating a

lifetime of values. The Orroks' choice to make these transformative gift commitments will help advance CHM's mission, expand its research, attract new faculty leaders, and ensure sustainability for years to come.

When talking with others about supporting the Center for Healthy Minds, Fran conveys a desire to listen and share why she supports CHM. "It's all about connecting people with their dreams."

"Both/And — Tolerance/Innovation," a new steel and stone sculpture at the end of State Street, was created by artists David Dahlquist '80 and Matt Neibuhr. Photo by Jeff Miller, University Communications



HOW THE NEW CARES ACT MAY AFFECT YOUR GIFT PLANNING

Legislation known as the CARES Act, designed to rescue the economy from the effects of the coronavirus pandemic, was passed by Congress and signed into law by the president on March 27, 2020. The Act, officially named the Coronavirus Aid, Relief, and Economic Security Act, not only funds various health care needs but also provides financial relief for businesses, individuals, and institutions hit hard by the pandemic.

In recognition of the fact that charities' fundraising efforts are impeded at the very time there is a tremendous need for their services, the legislation contains certain provisions beneficial to donors. Other provisions, while not directly applicable to charities, provide some gift-planning opportunities. To keep you informed and assist you in planning during this unusual and difficult year, this newsletter summarizes these various provisions — all of which are effective for the year 2020.

- New Charitable Deduction Available for Non-Itemizers
- Waiver of Retirement-Plan Penalties for Purposes Related to the Coronavirus
- Charitable Deduction Limits Modified for Individuals
- Increased Charitable Deduction Limits for Corporations
- Required Minimum Distributions Waived

CONTACT US AND YOUR ADVISORS

The CARES Act is several hundred pages long and includes numerous provisions that could benefit you financially. Consult your advisors about these provisions, and contact us if we can help you with any gift-planning opportunities.

NEW CHARITABLE DEDUCTION AVAILABLE FOR NON-ITEMIZERS

Under the CARES Act, taxpayers who do not itemize their deductions will be able to claim a charitable deduction of up to \$300 for cash donations made in 2020. This means that you could add an additional \$300 to your charity budget this year, recover a portion of it in tax savings, and help charities address extraordinary current needs.

Example: Suppose that you are over the age of 65 and your itemized deductions would total \$12,000. You would claim the standard deduction of \$13,700 rather than itemizing. If you give at least \$300 in cash to qualifying charities this year, you can elect the standard deduction of \$13,700 and also deduct \$300 — for total deductions of \$14,000.

WAIVER OF RETIREMENT-PLAN PENALTIES FOR PURPOSES RELATED TO THE CORONAVIRUS

If you are under the age of 59½ and withdraw money from your retirement plan to cover expenses incurred by you or a family member related to treatment of the coronavirus, the 10% tax penalty will not apply, taxation of the distribution can be spread over three years, and you can add the amount you withdraw to the fund later without regard to contribution limits.

This does not affect charities in the near term, but it does allow retirement funds to be used for an immediate need while enabling retirement accounts to recover and be used in the future for family security or charitable purposes.

CHARITABLE DEDUCTION LIMITS MODIFIED FOR INDIVIDUALS

If you made a large cash gift in 2019, you could deduct it only to the extent of 60% of your adjusted gross income. This year, the CARES Act allows you to deduct it to the extent of your entire adjusted gross income.

Example: Suppose you had income of \$300,000 in 2019, but from cash investments you made a cash gift of \$500,000. Your previous deduction limit would have been \$180,000 (60% of \$300,000). In 2020, you can deduct \$300,000. In both cases, the unused amount of the deduction could be carried forward and used to the extent of the limitation applicable to the carryover year.

Planning Pointer 1: Like the \$300 deduction for non-itemizers, the modification of the contribution limit does not apply in the case of gifts for donor-advised funds and supporting organizations. The gifts in most cases must be to public charities like ours.



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. 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.

Planning Pointer 2: In the event you have made a multi-year pledge to a charity, you might want to accelerate payment of the pledge balance in 2020 if you can afford to do so. The charity would have the use of the money sooner — and you could use the deduction more quickly.

INCREASED CHARITABLE DEDUCTION LIMITS FOR CORPORATIONS

The contribution limit for corporations has been 10% of taxable income. For 2020, that limit has been raised to 25% for cash contributions. The purpose is to enable companies that are doing well in this economy to give more to their communities.

The Act also increases from 15% to 25% the percentage of taxable income certain corporations claim when they contribute food inventory for the needy. This may help replenish depleted food inventories at food banks.

REQUIRED MINIMUM DISTRIBUTIONS WAIVED

Under the SECURE Act that was enacted this past December, IRA owners and certain participants in qualified retirement plans are required to take distributions beginning at the age of 72. The mandatory beginning age had been 70½. Under the CARES Act, for the year 2020 there will be no mandatory distributions — no matter the age of the account owner.

Many people have seen a precipitous drop in the balances of their retirement funds, and this provision allows those accounts to recover before forcing the liquidation of possibly depressed securities they may hold in order to make required distributions.

The minimum age for making a tax-free transfer from an IRA to a charity remains at 70½, and the annual limit for such transfers remains at \$100,000. However, because of the modification of deduction limits in 2020, one could exceed this limit.

Example: A donor over the age of 59½ with a large IRA balance not needed for living expenses wants to give more of that IRA now but do so without paying taxes. In 2020, the donor withdraws \$500,000 from the IRA and then contributes it to charity. This adds \$500,000 to adjusted gross income, but the donor can deduct the entire \$500,000 since charitable gifts in 2020 are deductible to the full extent of adjusted gross income. The deduction offsets the taxable income, which is the equivalent of a tax-free charitable rollover.

Your situation might be quite different. Maybe you want to make a gift from your IRA in the future but not now because it has lost quite a bit of its value. Thus you elect to make no withdrawals this year, let the account recover, and either next year or in the year you attain the age of 72 make charitable transfers to count towards your mandatory distribution requirements.



WE ARE HERE FOR YOU

First and foremost, we want you to know that as our communities grapple with continued change and uncertainty, we are here for you.

Most of the donors to the University of Wisconsin Foundation are affected by the pandemic or know others who are, and we acknowledge this is a very challenging time for many of our alumni and friends.

You may be wondering about the impact of gifts you have arranged or may be considering. If you have questions about a fund you have established or might be contemplating for the university, please contact us.

Whether you are looking for details about gifts that pay income to you now, provide support for the university in the future, or impact students and research today, we welcome your questions and are available to help provide the information you seek. Thank you.



PLACE
STAMP
HERE

UNIVERSITY OF WISCONSIN FOUNDATION
OFFICE OF GIFT PLANNING
1848 UNIVERSITY AVE
MADISON WI 53726-4090



SCORE

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



**REQUEST YOUR COMPLIMENTARY GUIDE:
WAYS TO GIVE**

1. Return this card
2. Online at supportuw.giftplans.org/ways
3. Call 608-263-4545

PERF

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

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. Copyright © by Pentera, Inc. All rights reserved.



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

**GET YOUR HELPFUL GUIDE TO LEARN
MORE ABOUT THE BENEFITS OF GIVING**

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 *Ways to Give*.
- 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

SCORE

PLEASE PROVIDE YOUR CONTACT INFORMATION

Name _____

Address _____

City _____

State _____ Zip _____

Telephone (_____) _____

Email _____



UNIVERSITY OF WISCONSIN
FOUNDATION

1848 University Avenue
Madison, WI 53726-4090

Nonprofit Org.
U.S. Postage

PAID

University of
Wisconsin
Foundation

PERF

**LEAVING YOUR LEGACY,
TRANSFORMING OUR WORLD
THE CENTER FOR HEALTHY
MINDS \$100,000 LEGACY
CHALLENGE**

Help support the Center for Healthy Minds' work now and in the future. When donors include the center as a beneficiary of their wills – and let the center know by December 31, 2020 – the first 20 new legacy donors will unlock an immediate gift of \$5,000 from an anonymous donor with their future legacy gifts.

CONTACT THE CENTER FOR HEALTHY MINDS

For further information, please contact the Center's Director of Donor Engagement Lorri Houston at LHouston2@wisc.edu or 608-263-3672.