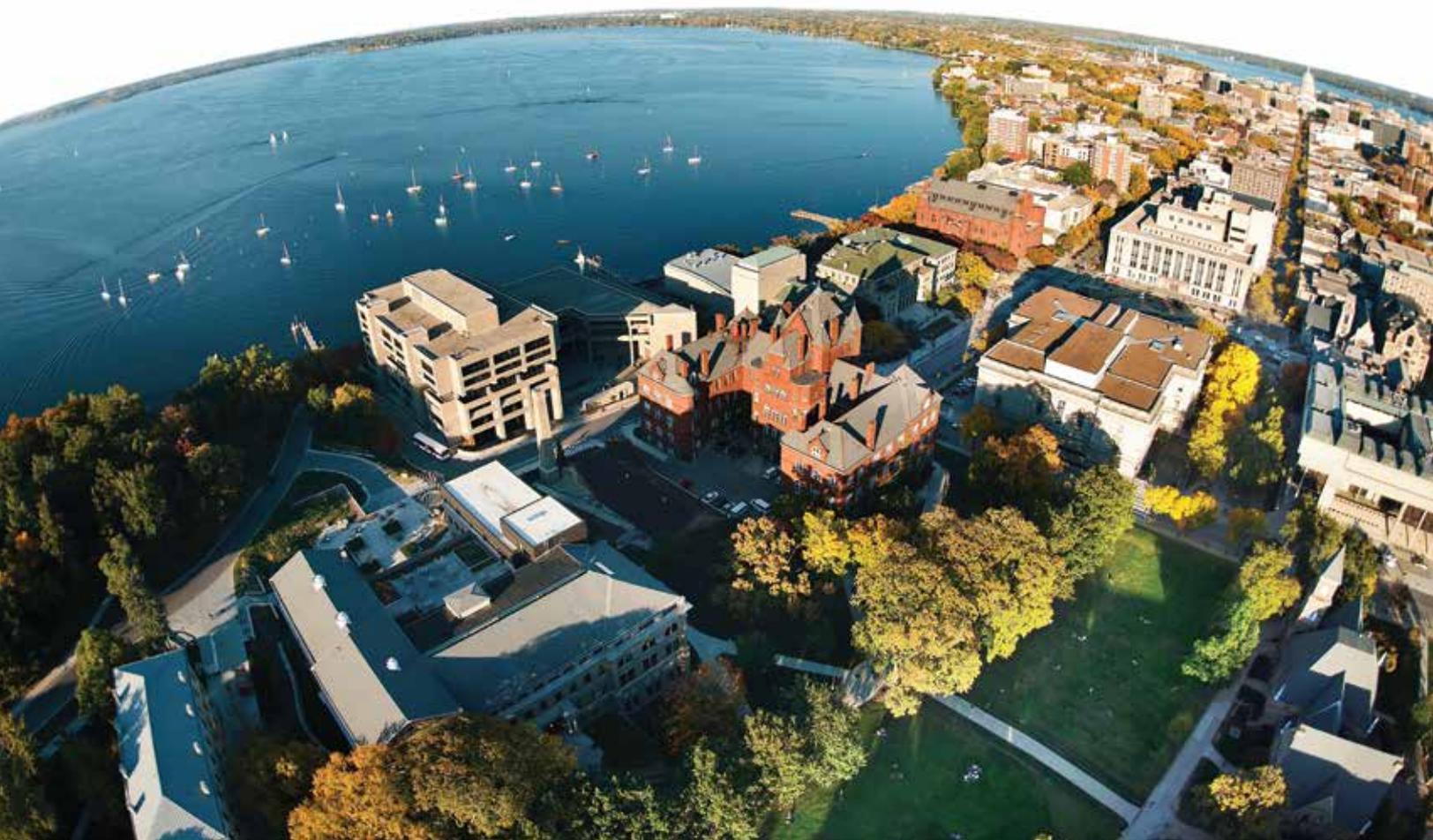




DIVIDENDS

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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BY THE BOOK

LITERARY ENDEAVORS UNDERLIE THE SUCCESS OF SUSAN SOLIE PATTERSON '79, MFA'82, AND HER HUSBAND, BEST-SELLING AUTHOR JAMES PATTERSON. NOW, TO INSPIRE GIVING TO UW-MADISON, THEY'VE LAUNCHED AN ESTATE-GIFT CHALLENGE MATCH.

As the author of more than 150 books, James Patterson has earned the epithet “world’s bestselling author.” But a name he’s received only by marriage is Badger — his wife, Susan Solie Patterson ’79, MFA’82 has, through persistence, pulled James into the UW fold.

“I guess all my years of cheering for the Badgers got under Jim’s skin,” Susan says with a laugh. “He has the basketball schedules and football schedules, players, stats, and rankings memorized. He’s now as big a fan as I am.”

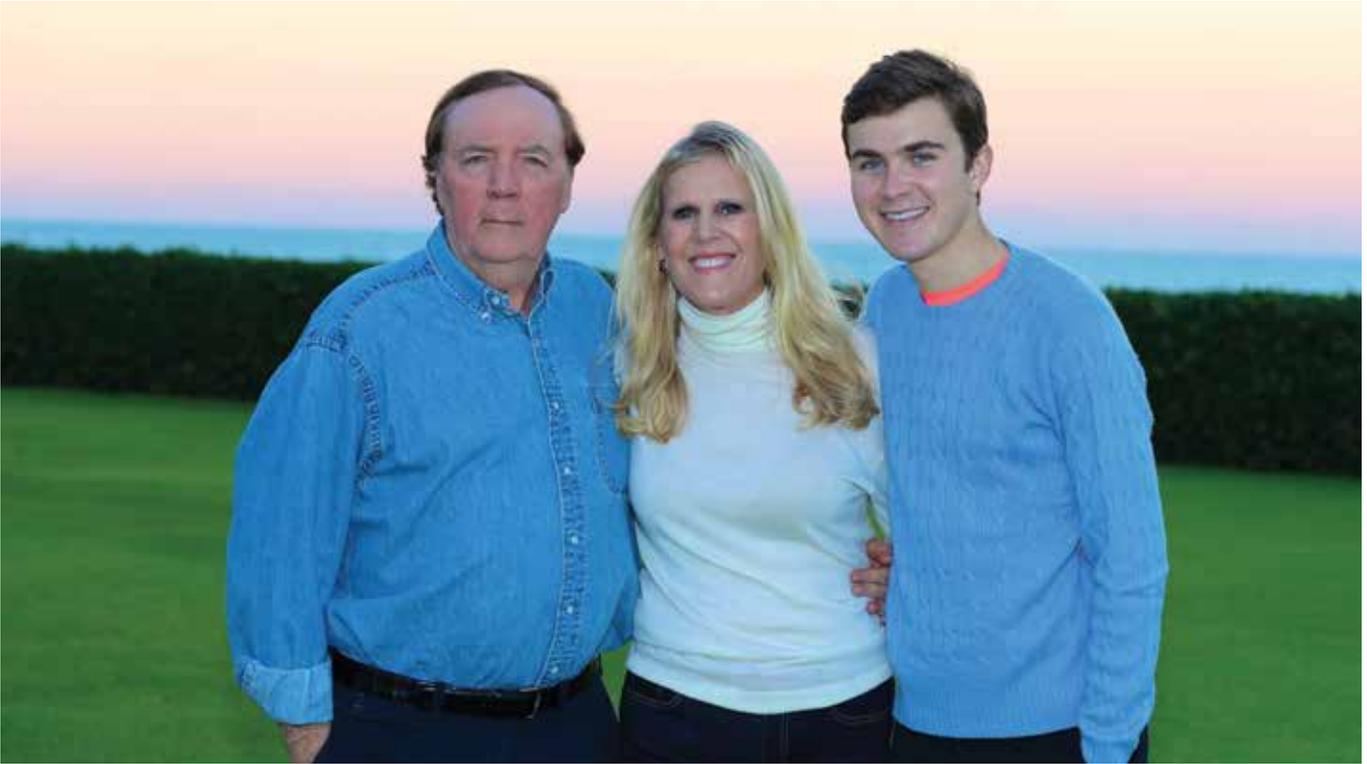
With a shared love of Susan’s alma mater, the Pattersons have established multiple scholarship funds — particularly to aid students in nursing, education, and athletics. Now they’ve created a \$3 million challenge match to encourage donors to give legacy gifts to the UW.

A FAMILY CONNECTION

Susan was a Badger from birth. Both of her parents were UW grads: mother Lorraine Solie ’46 studied nursing, and father Orville Solie ’50, MS’51 studied art and English. But according to Susan, it was James who first suggested creating scholarship funds at the UW.

“My parents were deeply moved by this gesture, and it was a great way for us to honor their devotion and love for Wisconsin,” Susan says. “It was Jim’s idea, and I love that.”

The new gift goes much further. Their \$3 million gift establishes the Patterson Family Scholarship Legacy Match — which will match a percentage of new student-focused planned gift commitments by donating the match dollars to the Office of Student Financial Aid for immediate-use scholarships.



James Patterson and Susan Solie Patterson with their son, Jack Patterson

“This is a critical time for the University of Wisconsin, the place we love so much. We need to help support the school as much as possible, whether it’s through passionate letters to the governor or supporting the university financially.”

– Susan Solie Patterson

Scholarships have always been near to the Pattersons’ hearts, and they’re particularly vital at the UW today. In 2017 Chancellor Rebecca Blank created Bucky’s Tuition Promise, a guarantee to meet the full tuition need of any Wisconsin student from a family that earns the state’s median household income or less. Funds like the ones that the Pattersons support will help make that promise a reality. And Susan and James have seen the effects that these funds have on students’ lives.

“It’s been wonderfully touching to read the letters we’ve received from the UW scholarship students over the years,” she says. “And it was a very rewarding

experience ... to meet them, listen to their goals and dreams, and feel their appreciation firsthand. It was moving, and I was so impressed.”

Susan and James have shown a devotion to education. In August they released a follow up to last year’s *New York Times* best-selling picture book, *Big Words for Little Geniuses*. Their newest creation is titled *Cuddly Critters for Little Geniuses*, which teaches small children about different animals. (Look on the page of crawlers to spot “the mighty badger.”) James’s latest series, the Max Einstein books, is targeted at middle-school girls and aims to inspire an interest in science.

The first book, *Max Einstein and the Genius Experiment*, is due out in October.

Susan hopes that the match she and her husband created will inspire other Badgers to support education at the UW.

“This is a critical time for the University of Wisconsin, the place we love so much,” she says. “We need to help support the school as much as possible, whether it’s through passionate letters to the governor or supporting the university financially — not only to maintain but to continue to grow and embellish its prowess as a world-class institution.”

This article is an update of one that appeared in 2015. To learn more about the Patterson Family Scholarship Legacy Match, contact Jennifer McFarland at Jennifer.mcfarland@supportuw.org.

YEAR-END TAX-PLANNING AND GIFT STRATEGIES WHETHER YOU ITEMIZE OR NOT

The most important new development affecting 2018 year-end planning is the legislation, popularly known as the Tax Cuts and Jobs Act, that was enacted late last year. It will cause many people to confront the question of whether to itemize their deductions or to take the standard deduction, a decision that was relatively easy in the past. That's because the standard deduction was almost doubled, to \$12,000 for single taxpayers and \$24,000 for couples filing jointly.

It is estimated that the number of Americans itemizing for this tax year will be about 20 million — down from the approximately 45 million who have been itemizing in recent years, according to Congress's Joint Committee on Taxation. About 80 percent of charitable giving from individuals historically comes from those who itemize, according to Giving USA.

Those who make the largest contributions to charity will still itemize; their philanthropy alone is likely to exceed the standard deduction. The issue of whether to itemize arises for those whose total deductions will be less than — but close to — the standard deduction:

- **Should they find some more deductions** so that they can exceed the standard deduction and itemize?

- **Or should they try to lower taxes by reducing their taxable income** for the year?

Whether you decide to itemize or to take the standard deduction, creative charitable gift strategies can help with your year-end tax planning.

2 STRATEGIES IF YOU PLAN TO ITEMIZE AND WANT MORE DEDUCTIONS

1. MAKE NEXT YEAR'S GIFT NOW AND SAVE TAXES

Without a doubt, the one deductible expense over which you have the most control is your charitable giving. If you want to itemize deductions for 2018, consider doubling up on your planned charitable giving this year and skipping your usual giving in 2019 — ensuring that your generosity will result in tax savings.

GIFT SPOTLIGHT

Carol and Jack have been giving \$6,000 each year to help underwrite programs of the University of Wisconsin for which they have a deep passion. But the total of all of their itemized deductions will not quite get them over the \$24,000 standard deduction for couples. Consequently, they decide to make their 2019 gift to us in addition to their usual 2018 gift, both in the amount of \$6,000. In their 24 percent federal tax bracket, making next year's \$6,000 gift now will enable them to realize almost \$1,440 of tax savings they would have forfeited if they were unable to itemize this year and next.

2. GIVE A DISTRIBUTION FROM YOUR RETIREMENT PLAN

Possibly, you have more assets in your 401(k), 403(b), IRA, or other retirement plan than you will need for future living expenses, and you would like to make your charitable gift to the UW Foundation with some of those assets. If you are aged 70½ or older and you have an IRA, you can make a tax-free direct charitable transfer to us from that IRA. (See article on IRA rollover for details.) If your retirement funds are not in an IRA or if they are in an IRA but you are under 70½, you can withdraw cash from your retirement fund and then contribute it to us. The amount distributed will be added to your taxable income, but you will be able to make your gift with retirement funds at no tax cost — provided you itemize deductions and can deduct the entire distribution.

2 STRATEGIES IF YOU PLAN TO TAKE THE STANDARD DEDUCTION AND WANT TO REDUCE TAXABLE INCOME

1. MAKE AN IRA CHARITABLE ROLLOVER GIFT

If you are over the age of 70½ and own an IRA, under the new tax law you are still able to authorize your IRA administrator to make transfers (totaling no more than \$100,000) to one or more charities — without the amount being added to taxable income but counting towards the required minimum distribution.

GIFT SPOTLIGHT

Steve and Laura, who are both aged 74, have been regularly contributing \$8,000 cash per year to the UW Foundation and reporting it on their tax return as an itemized deduction. However, this year they calculate that their deductions would total just under the new \$24,000 standard deduction. Steve has an IRA, and the minimum distribution requirement from it this year will be \$28,000. Steve could withdraw the \$28,000 and write a check to us for \$8,000, but instead he directs his IRA administrator to do an \$8,000 rollover directly to the UW Foundation. That is preferable because Steve and Laura reduce their taxable income by \$32,000 (\$24,000 standard deduction plus \$8,000 nontaxable transfer).

2. GIVE STOCK AND SAVE CAPITAL-GAIN TAX

It can be an effective strategy to use long-term appreciated capital-gain assets to fund charitable gifts even if you are not going to itemize. That is because you avoid paying the tax on the capital gain.

GIFT SPOTLIGHT:

Charles and Joan decide to fund their gift to the UW Foundation with stock instead of cash. The stock is now worth \$10,000, and they paid \$2,000 for it a number of years ago. They believe now is the time to sell, but an 18.8 percent tax rate (15 percent capital-gain rate plus 3.8 percent Affordable Health Care surtax) would apply to the \$8,000 of capital gain — resulting in federal tax of \$1,504. Even if they don't itemize, they still realize tax savings of this amount by using the stock for their gift to us.



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.



Students flock down Bascom Hill. Photo credit: Bryce Richter, UW-Madison

MAKING A BEQUEST REMAINS ONE OF THE SMARTEST WAYS TO GIVE

Another change in the Tax Cuts and Jobs Act that could affect legacy giving is the nearly doubling of the exemption for the federal estate and gift tax. For 2018 that exemption is \$11.2 million for individuals and \$22.4 million for couples. That means very few families will be subject to the 40 percent federal estate tax — and the tax incentive to make a charitable bequest — though some who live in states with an estate tax could be subject to the state tax if not to the federal tax.

However, legacy gifts through bequests and beneficiary designations will likely continue at a high level because of all of the other benefits. With such a gift you can:

- **Give back.** It feels good to give back to a charitable organization such as the UW Foundation that is important to you.
- **Keep control of assets.** You can make a gift to us now that doesn't require parting with any assets until later. It's a gift that costs you nothing now.
- **Give with ease.** Including a provision in your will or completing a beneficiary-designation form for an insurance plan or retirement account is very simple to do.
- **Change your mind if necessary.** These gifts are revocable if your circumstances or priorities change.

- **Maintain flexibility.** These gifts are flexible and can include a specific dollar amount, a percentage of your estate, a portion of what remains, or many other options.
- **Convey your values.** By sharing your philanthropy with children and grandchildren, you teach them community responsibility.

ROLLOVER! GOOD IRA

DIRECT GIFTS TO THE UW FROM YOUR IRA CAN:

1. Be an easy and convenient way to make a gift from one of your major assets.
2. Be excluded from your gross income: a tax-free rollover.
3. Count toward your required minimum distribution.

FOR YOUR GIFT TO QUALIFY:

- You must be 70½ or older at the time of your gift.
- The transfer must go directly from your IRA to the University of Wisconsin Foundation.
- Your total IRA gift(s) cannot exceed \$100,000.
- Your gift must be outright.



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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:

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



Photo: Jeff Miller, University Communications

LEARN HOW TO USE GIFT STRATEGIES TO SAVE TAXES AT YEAR-END

REQUEST OUR COMPLIMENTARY GUIDE:

Gift Strategies for Year-End Tax Planning Whether You Itemize or Not.

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



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

**RETURN THIS CARD FOR OUR
COMPLIMENTARY YEAR-END GUIDE**

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 ***Gift Strategies for Year-End Tax Planning Whether You Itemize or Not.***

- 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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LEAVE A LASTING LEGACY. JOIN THE WISCONSIN LEGACY SOCIETY TODAY!

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