What the New Tax Law Will Mean to You

- **The Charitable IRA returns.** Those over age 70½ may once again make tax-free gifts to Vanderbilt directly from their IRAs.

- **Beginning in 2013,** rules requiring limitation of itemized deductions for some will again apply. In most cases these reductions will not affect charitable deductions because mortgage interest, state taxes and other deductions absorb the reduction amounts whether or not charitable gifts are made.

- **The amount now exempt from federal estate and gift tax** is $5.25 million per person for 2013. The maximum rate of tax for larger estates was raised to 40 percent. These changes mean that most persons will no longer be subject to federal estate and gift taxes.

In January of this year Congress enacted the American Taxpayer Relief Act of 2012 (ATRA). This much-anticipated and much-debated legislation proposed a number of changes, such as limiting the amount or value of charitable deductions. The good news for alumni and friends who support Vanderbilt: Gifts to Vanderbilt can still be fully deducted against a donor’s highest tax bracket.

**WHAT TO GIVE?**

As part of the recent tax changes, capital gains tax rates were increased for some taxpayers and the Medicare contribution tax will also be due in some cases as well. This means that gifts of appreciated securities and certain other assets will continue, as in the past, to be a tax-wise gift for many.

Congress established new estate and gift tax rates and set the level at which they would apply in the future. As a result of these changes, many will find they will have more assets available in their estates that will make it possible to provide for both their loved ones and charitable interests, like Vanderbilt, for whom they may want to provide support in the future.

**GIFTS THAT PROVIDE INCOME**

The new law also continues and, in some cases, increases the benefits from making gifts today that feature immediate tax savings and additional income for life or other period of time. (See Page 2.) A growing number of Vanderbilt friends have found this an attractive way to make their gifts.

Read on for more information. As always, we will be pleased to provide additional information to you and/or your professional advisors.

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**INSIDE:**

- Generate Current Tax Savings with Future Gift
- A Legacy for the Liberal Arts
- What Planned Gifts Accomplish
Gift annuities are a simple and convenient way to make a gift to Vanderbilt and meet other important financial goals as well. This practical giving opportunity provides you with generous payments that will never change and will continue for as long as you and/or a loved one live—all while making a special gift to Vanderbilt.

**HOW ARE PAYMENT RATES DETERMINED?**

Payment rates vary according to the age of the annuitant(s) at the time the annuity is funded. The older you are when you fund your gift annuity, the higher your payment rate will be (see the chart at right). Your payments will not decrease in size or frequency, regardless of changes in interest rates or stock market fluctuations.

For example, Margaret, age 80, decides to fund a gift annuity using $25,000 in cash. At her age, she will receive $1,700 (6.8 percent × $25,000) each year for the rest of her life. And because part of the amount given will be used by Vanderbilt for charitable purposes, she is entitled to a charitable income tax deduction of approximately $12,000.

**TAKING CARE OF LOVED ONES**

Vanderbilt gift annuities can also provide income for your loved ones. Many couples establish gift annuities that make payments for both of their lives. It is also possible to establish gift annuities for the benefit of a parent, brother, sister or others for whom you wish to provide an additional source of income for the remainder of their lives.

**ENJOY GENEROUS TAX SAVINGS**

In addition to the payments received, Vanderbilt gift annuities offer a number of ways to reduce or eliminate gift, income, estate and capital gains taxes, making it a most tax-effective way of giving.

For more information or to receive a personalized illustration of your benefits, call (888) 758-1999 or return the enclosed card.
A Legacy for the Liberal Arts at Vanderbilt

Attending Vanderbilt University may have been a foregone conclusion for Dr. Robert Moore. There was a family history—his father graduated, and an uncle and a cousin attended. Other close family friends and mentors had attended Vanderbilt as well. “My father passed away when I was 8 years old, so I relied on others to guide me along the way,” said Dr. Moore. “After visiting Vanderbilt, I knew it was the place for me.”

He also knew he wanted to follow in his father’s footsteps in his choice of career—medicine. Dr. Moore followed the pre-med track and majored in chemistry. In his senior year, having satisfied his major requirements, Dr. Moore took a few liberal arts courses.

A DIFFERENT TRACK

“I enrolled in some English courses, a humanities survey, art appreciation and Russian literature. It opened up a world outside of science!” he said. Though he had already been accepted to Harvard Medical School, Dr. Moore postponed his enrollment there to remain at Vanderbilt for another year.

“The chairman of the English Department, Dr. Randall Stewart, encouraged me to enroll in graduate school, so I could get a master’s degree. That turned out to be the most enriching academic year I have ever spent. I value it highly and always will,” said Dr. Moore. Under the tutelage of Dr. Edgar Duncan, he wrote his thesis on “The Ring and the Book” by Victorian poet Robert Browning.

Dr. Moore went on to graduate from Harvard Medical School. After an internship in Oregon and two years serving as a medical officer in the Army, he returned to Little Rock, Ark., for his residency in internal medicine. Dr. Moore then spent a successful career in private practice until he retired in 1999. In the years since, he has remained active in volunteer work and serving on numerous boards.

Though medicine was such an integral part of his life, Dr. Moore will always have fond memories of his “extra” time at Vanderbilt. “The year I spent at Vanderbilt before medical school meant a great deal.”

MEANS FOR SUPPORT

One way he has supported Vanderbilt is through a charitable gift annuity. “I receive payments over time and eventually my gift will become a vehicle to support the liberal arts at Vanderbilt,” he said. He used appreciated securities to fund his annuity and thus enjoyed additional tax benefits.

Another way he intends to support future Vanderbilt graduate students is through a bequest in his will. “My estate plan takes care of my family first—my wife and two daughters. I have also included Vanderbilt, specifically the Department of English, and a few other charities to receive bequests.”

“My plan is to help future students as they pursue a degree in the liberal arts,” he said. With his generosity now and in the future, Dr. Robert Moore’s plan will be realized.

Unlock Income From Low-Yielding Securities

If you want to fund your gift annuity with stocks, certificates of deposit, bonds or other assets that are worth more than you paid for them, you can:

- Increase spendable income from low-yielding assets.
- Enjoy a tax deduction for part of the value of the asset.
- Partially avoid capital gains tax that would be due on a sale.
- Spread any capital gains tax that might be due over your life expectancy.

THE CHARITABLE IRA

When making a gift to the Edgar Duncan Memorial Fund named for his mentor, Dr. Robert Moore chose to use the Charitable IRA Rollover opportunity. “This was a tax-wise way for me to make my gift. I bypassed the income tax I would owe on these funds if I withdrew them for personal use. And, I was able to continue supporting the Fund which was important to me. It was a win-win.”

www.vanderbilt.edu/plannedgiving
What Planned Gifts Accomplish at Vanderbilt

BEQUEST HONORS MENTORS

Arriving in Texas for her first job, Dr. Doreen James Wise, BSN ’68 was welcomed by Vanderbilt alumna, Cloace McGill, BSN ’47. Clo’s warm welcome led to a lifelong friendship between Doreen and Clo, and her husband, Dr. Henry C. McGill, BA ’43. “Clo and Henry embody the spirit of Vanderbilt,” said Dr. Wise. “They have given so much for the greater public health and the enlarging of the body of medical knowledge.”

“They were there for me at a time when I needed it.” In honor of her mentors, Dr. Wise has included a generous bequest in her will to establish Vanderbilt School of Nursing scholarships. “With this gift, I am happy to be able to honor Clo and Henry and help future nursing students realize their dreams.”

SCHOLARSHIPS BENEFIT STUDENT ATHLETES

Two student athletes every year benefit from the gift of Francis J. Hendrix, who established a trust that ultimately funded the Hendrix Athletic Scholarships. Mrs. Hendrix wished to honor the memories of her late husband, Willard R. Hendrix (BA ’27), and his father, Walter R. Hendrix, who graduated from Vanderbilt in 1895. Both men were outstanding student athletes during their undergraduate careers. Today, their memory lives on and helps a young man on the Men’s Baseball team, and a young woman on the Women’s Golf team pursue a Vanderbilt education.

TRUST FUNDS RESEARCH

Before his death in 1987, James L. Bray, MD established a trust which provided income for his wife Martha for the rest of her life. When she died in 1992, the funds remaining in the trust established the William L. Bray Chair in the School of Medicine, currently held by Joseph A. Smith, professor and chair of the Department of Urology. Funds remaining after the establishment of the chair have been used to set up the William L. Bray Endowed Research Fund to fund research in urology.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisers should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMXIII RFSCO, Inc. All Rights Reserved. NTX-X-13