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Putting Financial Affairs in Order

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Law School Alum Invests in Vanderbilt’s Future

The word that Steve Peters would use to describe himself is “loyal,” whether it’s to his undergraduate college, Vanderbilt University Law School or even his hometown baseball team (the Phillies).

“I felt fortunate to have been able to attend Vanderbilt. I am very grateful,” said Peters. He credits the school for contributing to his successful career in finance and has enjoyed maintaining close ties with the school. Steve and his wife, Pat, have been generous supporters over the years and recently decided to make an investment in the future of Vanderbilt.

“While I wanted to do something for the law school,” said Peters, “we also wanted to help insure our future financial security in light of the fact that I recently retired.” Peters decided to make a gift through the creation of a Vanderbilt charitable remainder trust. He chose to fund it using stocks that had increased in value but paid low dividends. He and Pat will now receive payments each year equal to a predetermined percentage of the value of the trust assets.

Along with the estate planning benefits he enjoyed as a result of creating his trust, there were a number of other advantages as well. Peters enjoys the knowledge that Vanderbilt will be the trustee and the assets he contributed will be invested with its endowment. “As a result, I’m benefiting from professional asset management, as will Vanderbilt when the trust terminates at the end of our lifetimes,” said Peters. (See the box at left for a chart illustrating Vanderbilt’s historic endowment returns.)

“The whole process of creating our trust was very quick and easy. The Planned Giving team at Vanderbilt did an excellent job coordinating the process,” Peters added. “I believe these types of gifts are one of the keys to building the Vanderbilt endowment while also helping to meet the donors’ needs. I’m glad my gift will help Vanderbilt continue its tradition of excellence in education in the future.”

Vanderbilt Gift Annuities Can Boost Income

Gift annuities are another simple and easy way to make a gift to Vanderbilt and fulfill other important financial goals as well. This convenient gift plan 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 gift to benefit Vanderbilt.

How Much Are the Payments?

Gift annuity payments 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. Vanderbilt gift annuities are backed by all available University assets.

Vanderbilt gift annuity payments will not decrease in size or frequency, regardless of changes in interest rates or stock market fluctuations. For instance, an 80-year-old who funds a $50,000 annuity will receive 7.5 percent ($3,750) annually for life. See the chart above for examples of rates for one person.

Increasing Retirement Income

Some of our alumni and friends have chosen to create a series of gift annuities over time as a way to generate additional retirement income while reducing taxes. Each additional gift annuity will generally result in a higher payment rate, more income and greater tax savings.

Not only will your annuity income increase with each additional gift, but over time you will be arranging for a secure source of income at a time you may need it most.

As an alternative, you may choose to enter into what is known as a deferred payment gift annuity. As in the case of an immediate payment gift annuity, you are entitled to a current income tax deduction, while payments are set to begin at a later point in time that you choose. The rate you will receive increases with the number of years you choose to delay receiving payments. For example, a 65-year-old could defer payments for 10 years and receive payments at a rate of 9.5 percent starting at age 75.

Taking Care of Loved Ones

In addition to providing supplementary funds for yourself, Vanderbilt gift annuities can be arranged to provide income for your loved ones. Many married 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 brother, sister, parent, or others you wish to provide an additional source of income for the remainder of their lives.

For more information or to receive a personalized illustration, return the enclosed card.

Vanderbilt gift annuities offer a number of ways to reduce or eliminate gift, income, estate and capital gains taxes, making it a “win-win” gift for many who give in this way:

- A portion of the amount used to fund a gift annuity is deductible for federal income tax purposes.
- You may also enjoy additional state income tax savings depending on where you live.
- When funded with appreciated securities, capital gains tax is generally reduced and/or delayed.
- Gift annuity payments can be taxed more favorably than many other sources of income.
- Assets used to fund gift annuities are typically removed from your taxable estate.

Advantages of the Vanderbilt Charitable Remainder Trust:

- Increased income from low-yielding assets.
- Immediate income tax deduction.
- Reducing or eliminating capital gain or estate taxes that could otherwise be incurred.
- Diversifying investments.
- Creating a source of income for the donor, spouse, children, parents or other loved ones.
- Making a gift to Vanderbilt that might not otherwise be possible.
- Option to invest your trust alongside Vanderbilt’s endowment.

Steve and Pat Peters
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Test Your Knowledge About Wills

People often have misconceptions when it comes to wills and other estate plans. The following quiz can help you discover how much you know about wills—and may indicate a need to revisit your plans.

1. I should have a valid will if I don’t want my assets to be divided according to my state’s laws.

2. I can delay transfer of assets to younger heirs and otherwise ensure that those I leave behind are taken care of in the ways that I would like by having an effective will in place.

3. I should consider beneficiary designations of insurance policies, retirement plans, living trusts and other plans when considering the terms of my will.

4. I can benefit from having an up-to-date will, even if I have a modest estate.

5. I should not overly rely on joint ownership as a substitute for a will.

6. I can continue providing for charitable interests by including them as beneficiaries in my will and other long-range plans after first providing for loved ones.

All of the previous statements are True. If you answered them all correctly, congratulations! If you missed a few, don’t worry. Your attorney and other professional advisers can guide you through the process of properly preparing your will and other estate plans. Our Planned Giving team is available to answer your questions or provide more information about your charitable goals upon request.

Considering a Bequest?

If you are considering a bequest to Vanderbilt, here is some suggested wording to share with your attorney:

“I give, devise, and bequeath to The Vanderbilt University, a not-for-profit corporation located in Nashville, Tennessee, the sum of $_____ (or ___% of my trust assets; or all the rest, residue, and remainder of the trust assets) to be used for __________________________.”

Your Planned Giving Team

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Times Call for Changing Plans

Did you know there are ways to provide enhanced financial security for you and your family and also create a legacy for Vanderbilt?

Recent and proposed tax legislation may make reviewing your plans more important than ever.

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