Gift Planning

Opportunities at Connecticut College

Connecticut College

Index

Introduction

The importance of building the College endowment while framing the stability of the College through bequest gifts is a narrative that begins at the College's founding. In early 1911, the city of New London began an aggressive campaign to raise $100,000 for an Endowment Fund for the Women's College, to ensure New London would be the home of the future Connecticut College for Women. Every citizen and every business in the city contributed to the effort, and daily bells tolled throughout the city to share the amount raised in the previous 24 hours. The campaign exceeded its goal and raised $134,824; New London threw a citywide Jubilee Celebration on March 1, 1911. In June 1911, Morton F. Plant announced his historic gift of $1 million to be added to the endowment, an instrumental act that ensured the future success of Connecticut College. His portrait hangs in a place of honor in the President's office to this day.

While the campus grew in enrollment and buildings after incorporation through the generosity of citizen friends, gifts through bequests continued to build the foundations of Connecticut College. A bequest of 1,300 books and scientific equipment came from William P. Bolles, a renowned scientist whose boyhood home had been on the hilltop where the College now stands. In November 1918, Morton F. Plant left a generous bequest to build Branford House, which opened in 1920. David Hale Fanning, a friend of the College, bequeathed one-quarter of the residue of his estate to the College, with which Fanning Hall was built under the direction of President Katharine Blunt, breaking ground in 1930. Bequests from sisters Virginia and Theodora Palmer, daughters of Frank Loomis Palmer, a trustee of the College, funded the construction of Palmer Auditorium in his memory; the auditorium was first used for Commencement in 1939. To this day, bequest gifts continue to provide opportunities for College administrators to achieve their vision of what the future of Connecticut College can be.

Gift Planning also has a rich history at Conn in the form of a strong charitable gift annuity program. Katharine Blunt first introduced a system of annuities through which friends of the College over the age of 50 could deposit a sum that would bring them a life income while the College used the principal for building dormitories. In the course of her administration,

this plan brought in a considerable total of $235,250. The initiative was a key financial strategy that would carry the College through the Great Depression. Connecticut College continues to have a successful charitable gift annuity program today.

Since its founding a century ago, Connecticut College has prospered through the devotion of many generations of alumni, parents and friends who share the progressive vision of the College's first leaders. The generosity of those who share the College's commitment has built residence halls and classrooms, launched distinctive programs and initiatives, and created professorships and scholarships that bring talented faculty and students to campus from around the world. The College relies on the continued loyalty of its supporters to provide the benefits of a nationally known liberal arts program to future generations.

This booklet explores some of the ways you might consider making a meaningful gift—one that provides tax and other financial benefits to you while helping Connecticut College continue to thrive for generations to come.

You may choose to establish an endowed fund for a specific purpose. Or you may decide not to restrict your gift, giving the College discretion to use the funds to respond to its evolving needs. We hope you will use this information to begin a conversation with your financial advisor, your family and Connecticut College.

Creative Strategies

Through gift planning, you can support Connecticut College by applying creative decision-making strategies to determine:

- **The best asset to use for your gift**
- **When you wish your gift to arrive at the College**
- **The optimal year to receive a charitable deduction**
- **Whether to receive income back from your gift**
- **How to reduce your annual and estate taxes**

Your plan might include a bequest, a charitable gift annuity, a charitable remainder trust, a charitable lead trust or retained life estate. Each type of gift has different advantages and tax implications.

Assets for Establishing a Planned Gift

Planned gifts can be funded with cash or appreciated securities—stocks, bonds and mutual funds. However, gift planning explores creative ways to make a gift to Connecticut College beyond these typical assets. You can also fund a gift with real estate, life insurance, retirement plan benefits, closely held stock or business interests. Smart gift planning combines charitable intent with cost-efficient planning techniques. Of critical importance is the kind of asset used to fund the gift.

CASH

Gifts of cash are the most common form of contribution to Connecticut College. A gift of cash is easy to make, and the gift is not subject to gift or estate tax. Gifts of cash can be used to establish charitable gift annuities and charitable remainder trusts.

PUBLICLY TRADED SECURITIES

You can avoid capital gains taxes on the appreciated value of publicly traded stocks, bonds or mutual funds that you have owned for a year or more by giving those assets to Connecticut College. In addition, you receive a federal income tax deduction in the year of your gift. Usually, long-term appreciated property can generate the most favorable tax benefits. The reason? Gifts of such property provide a double benefit—a charitable deduction, in most cases, for the full fair-market value of the property, plus avoidance of any potential capital gain tax.

REAL ESTATE

Depending on your circumstances, a gift of residential, vacation or commercial real estate might be appropriate. If the real estate you give has appreciated in value, your gift can provide you with the same tax advantages as a gift of appreciated securities: You avoid capital gains taxes and are entitled to a deduction on your federal income tax return. Real estate can be gifted outright to the College, or such gifts may be used to establish a charitable trust or retained life estate.

LIFE INSURANCE

Life insurance that you no longer need to protect family members or business interests can be considered for a planned gift. You can name Connecticut College as the sole beneficiary and transfer ownership of the policy to the College. You can also name Connecticut College as the primary or contingent beneficiary of a new or existing life insurance policy without transferring ownership to the College.

BENEFICIARY DESIGNATIONS

Qualified retirement plan benefits are a major portion of many people's estates. Naming Connecticut College as a percentage beneficiary of a financial account can be an efficient and meaningful way to make a bequest gift to the College. A gift of retirement assets directly to Connecticut College as part of an estate planning strategy can be very tax efficient. If your goal is to support both the College and loved ones, it may be more tax efficient to leave cash and appreciated assets to heirs, while making Connecticut College the beneficiary of retirement assets.

Estate Gifts

GIFTS THROUGH A WILL OR LIVING TRUST

Through a bequest—a provision in your will—you can give Connecticut College a specific amount of money, a specific tangible item (property, works of art, books) or a percentage of your estate. This is one of the easiest ways to make a significant legacy gift and signal your support of the College's future. A charitable bequest is fully deductible for estate tax purposes. The gift can be:

- **A specific sum of cash**
- **A specific asset (securities, real estate or art work, for example)**
- **A percentage (or all) of your estate**
- **A percentage (or all) of your residuary estate (any property that remains after all other terms of your will have been met)**

Suggested Wording for a Specific Sum:

"I give the sum of _________dollars ($_____) to Connecticut College, Office of Advancement, 270 Mohegan Avenue, New London, CT 06320, for the general use and purposes of the College."

You can instruct the College to use your bequest for a specific restricted purpose, such as an endowed fund or support of a specific department or program. Or, vitally, you can designate your bequest as unrestricted, trusting that the College will use the funds for its most pressing needs at the time the gift comes to the College. It is important to let the Office of Gift Planning know about your bequest, especially if you are thinking about restricting it. Consulting with the College will help us understand your intent and honor your commitment. Your bequest can be held in confidence and remain anonymous if you prefer.

A gift by bequest allows you to retain full control over your financial resources during your lifetime. Bequests also allow for significant estate and inheritance tax savings. And most important, they can create a lasting legacy at Connecticut College.

Suggested Wording for a Percentage of Your Residuary Estate:

"I give ___________percent (________%) of the residue of my estate to Connecticut College, Office of College Advancement, 270 Mohegan Avenue, New London, CT 06320, for the general use and purposes of the College."

Estate Gifts

BENEFICIARY DESIGNATIONS

Naming Connecticut College as a percentage beneficiary of a financial account can be an easy, meaningful way to make a bequest gift to the College. There are many strategies that can be advantageous for a charitable donor who wishes to support nonprofit institutions such as Connecticut College by making gifts from their retirement plan, donor-advised fund or bank account. A gift of retirement assets directly to charity as part of an estate planning strategy can be very tax efficient. If your goal is to support charity as part of your legacy while also leaving assets to family members, it may be more tax efficient to leave cash and appreciated assets to heirs, while making charities the beneficiaries of retirement assets upon your death. Unlike working with an attorney to change language in your will, with most financial accounts you can simply go online and update the beneficiary designations. It would be good practice to also mention these beneficiary designations in your will or living trust.

Information to Share with the Retirement Plan Administrator, Donor-Advised Fund or Bank

Our tax ID# is 06-0646587

Our official address is:
270 Mohegan Avenue, New London, CT 06320

Estate Gifts

BEQUEST INTENTIONS

Have you wondered about the benefits of letting Connecticut College know about your estate plan? At Connecticut College, we recognize the importance of your decision to name the College in your estate plan. Bequests to charity from your estate are the expression of an ultimate gift.

When you name the College in your will or living trust or as a beneficiary of a retirement plan, donor-advised fund or bank account, you are deciding to create a lasting legacy at Connecticut College that will carry on for generations to come.

Alumni, family and friends of Connecticut College are encouraged to share their generous intentions and provide those details, documenting their future gift that will benefit the College.

Known as a bequest intention, this gift type provides a Connecticut College donor with campaign, reunion and gift credit if the College will receive a future gift from an estate. The donor or contingent beneficiary must be age 60 or older by the end of our current campaign in order to document a bequest for gift credit. We also require a completed Notification of Bequest Intention form, along with the supporting documentation.


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Charitable Gift Annuities

A charitable gift annuity may be right for you if you wish to support Connecticut College but worry about having enough income for yourself and your loved ones. It is a life income gift, also known as a split-interest gift. The gift to Connecticut College establishes a charitable gift annuity; you enter into a simple contract with the College and can begin receiving quarterly income payments immediately, or you can defer the start of payments to a date at least one year from the date of your gift. You can also establish a schedule of dates providing flexibility as to the payment start date. Your gift is invested into the Connecticut College annuity pool, under sound investment management oversight by the College's Office of Finance and Administration.

After the lifetime of the annuitant, any remainder passes to Connecticut College. In the year your gift is made, you may receive significant tax savings. All gift annuities can be established for one or two lives, with cash or appreciated securities. The minimum gift amount is $10,000.

Charitable gift annuities can be designated to the area at the College of your choice. You can feel good knowing you are supporting the future of Connecticut College.

CHARITABLE GIFT ANNUITY PAYMENT TYPES

Immediate Payment

While gift annuities can be funded at a younger age, this type of gift might be especially attractive if you are age 70 or older, you want to support Connecticut College, and you would like to secure an immediate stream of income for yourself or for yourself and a loved one. The amount of the payments is based on the age(s) of the beneficiary(ies). The older the annuitant, the higher the payout rate. In addition to the comfort and stability of fixed payments, the gift will also generate an immediate charitable income tax deduction.

Deferred Payment

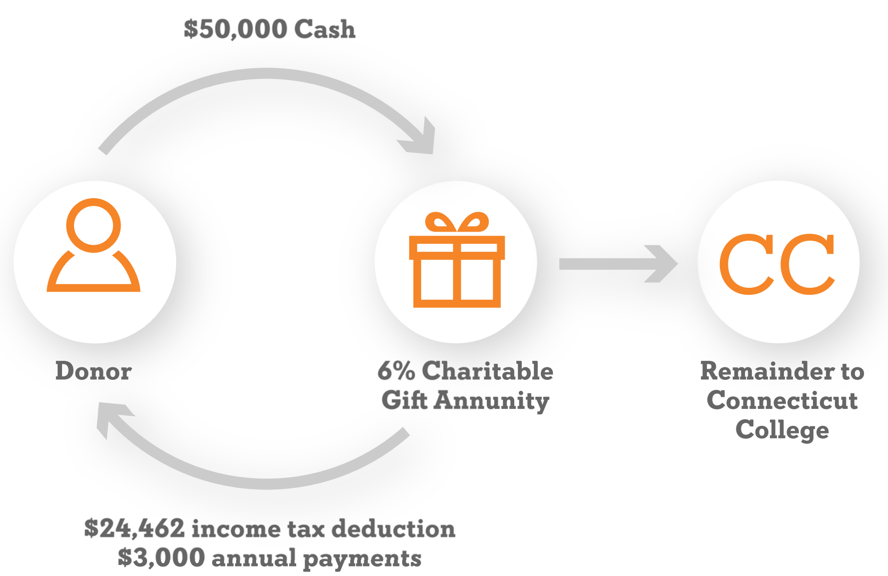
If you are younger, are interested in receiving a higher annuity rate, or are still working and want to start supplementing your income after you retire, consider a deferred payment gift annuity. You will identify a fixed payment rate for life when you make your gift and receive a charitable deduction in the year your gift is made. Individuals must be age 60 to start receiving payments from a deferred payment charitable gift annuity.

Flexible Deferred Payment

You can also establish a schedule of dates providing flexibility as to the payment start date. This may be particularly attractive if you do not know when you will need the income.

Carolyn, age 78, wants to make a gift to Connecticut College in honor of her 55th reunion but feels that she cannot part with her assets at this time. However, Carolyn has a sizeable 1.5% CD at her local bank, earning low interest. Carolyn decides to make a gift of $50,000 to Connecticut College out of her CD and establish a charitable gift annuity. Carolyn receives an immediate payment annuity rate of 6%, giving her $3,000 a year for her lifetime; $2,433 of that $3,000 will be tax-free for many years. She also receives a charitable deduction of $24,462 in the year of her gift. Carolyn feels good knowing that she can make this gift—it benefits the College and benefits Carolyn.

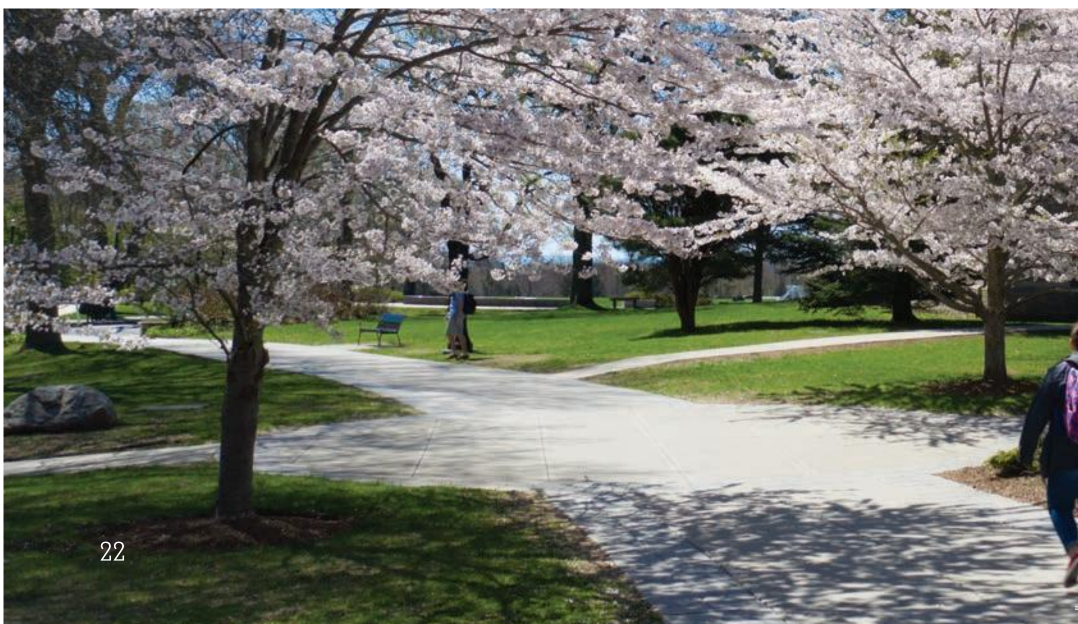
HOW IT WORKS



Charitable Remainder Trusts

Like a charitable gift annuity, a charitable remainder trust is a life income gift that provides income to a beneficiary or beneficiaries. However, the nature of the charitable remainder trust (CRT) provides flexibility, allowing you to make more-significant gifts during your lifetime than might be possible through an outright donation. A CRT is appropriate not only for highly appreciated marketable securities but also for non-income-producing or unmarketable assets.

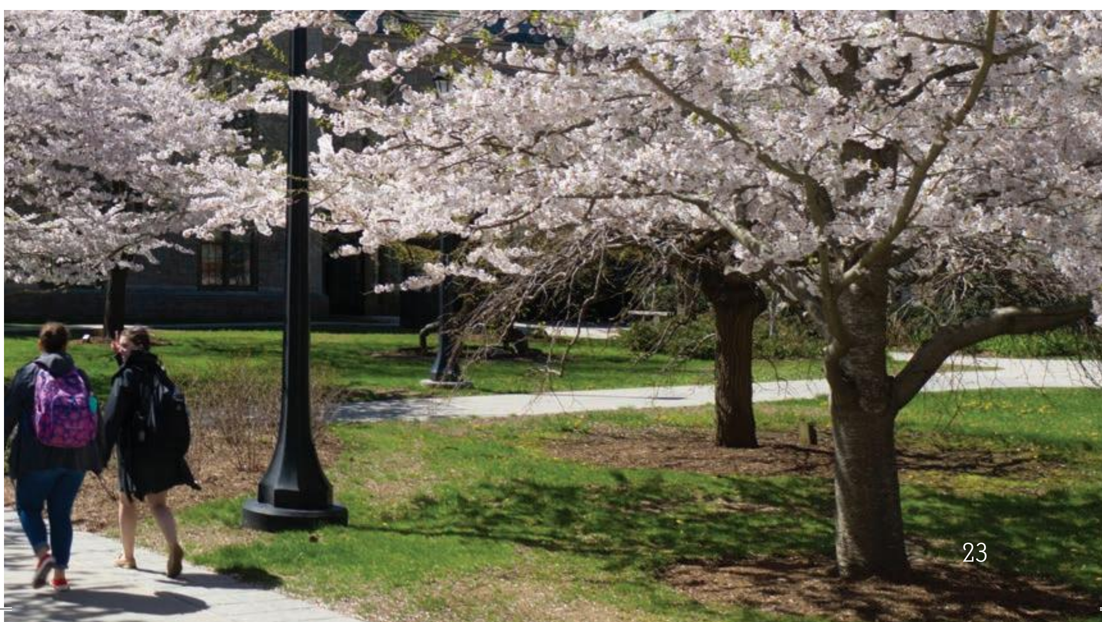
The charitable trust is managed by a designated trustee, either Connecticut College, yourself, or a trusted advisor or bank. Charitable trusts can be established with a gift of cash, appreciated securities, real estate or other assets. The beneficiary or beneficiaries receive a percentage income from the trust (typically 5%), and payments can be flexibly scheduled.



Charitable remainder trusts require a gift of at least $100,000 for the College to agree to be trustee. Additional gifts can be added to the trust at any time.

You can claim an immediate income tax deduction for a portion of your gift. If you fund the trust with appreciated assets, you may avoid capital gains taxes. Charitable remainder trusts also allow you to diversify your investment portfolio and simplify its management.

There are two basic types of charitable remainder trusts: the unitrust, which provides beneficiaries a percentage of the assets' annual fair market value, and the annuity trust, which provides a fixed annual income.



CHARITABLE REMAINDER UNITRUST

The unitrust pays a variable income, based on a fixed percentage of the value of the trust assets, which are revalued annually. The percentage must be at least 5 percent and is usually not higher than 7 percent. If the unitrust assets appreciate in value, income payments also increase. Payments can be made over the lifetimes of one or more beneficiaries, or for a term of years. You can add to trust assets at any time. When the trust terminates, the trust remainder will come to the College as a significant gift.

Emily, who is 70, owns $100,000 worth of stock that she bought 10 years ago for $10,000. It currently pays her $4,000 a year in dividends (4 percent of its value). If she sold the stock and reinvested the proceeds for a higher income, she would incur a capital gains tax of $13,500 (15 percent x $90,000), leaving her only $86,500 to reinvest.

If Emily uses that stock to fund a charitable remainder unitrust with a 5 percent payout rate, she is entitled to an immediate income tax deduction of $52,212. At her 35 percent tax rate, Emily saves $18,274 in federal income taxes and completely avoids the $13,500 capital gains tax. Her payout from the trust in the first year is $5,000—more than she received from the stock before the funding of the trust. If the trust assets appreciate over time, she will receive even more annual income. Through one simple gift, Emily saves on income taxes, avoids capital gains tax, increases her income and makes a meaningful gift that helps preserve the future of Connecticut College for generations to come.

CHARITABLE REMAINDER ANNUITY TRUST

The annuity trust pays a fixed amount every year, regardless of the trust's investment performance. This amount is determined when the trust is created and is based on a percentage of the initial gift. The annuity trust can be an effective way to supplement retirement income or to help with tuition payments for children or grandchildren. Unlike the unitrust, the annuity trust cannot receive additional contributions once it is created.

Beth and Nathan Camel are both alumni of Connecticut College and have contributed to the school for many years. They want to make a major gift in honor of their 25th reunion but are committed to helping their nephew with college expenses. They own stock purchased several years ago for $25,000. It is now worth $150,000 and pays them annual dividends of $4,500 (3 percent of its value).

The Camels accomplish their objectives by making an Annual Fund gift in honor of their reunion and also establishing a charitable remainder annuity trust with their stock. The trust operates for four years. During that time, the trustee distributes $7,500 annually to Nathan and Beth's nephew. At the end of the four years, the trust terminates and the balance of the trust assets are transferred to the College to endow a scholarship fund in the Camels' name. Through this gift, Beth and Nathan provide $30,000 to their nephew, qualify for an immediate income tax deduction of $120,990, avoid taxation on the $125,000 capital gain in their stock, and almost double the annual income generated by the stock. They also make a lasting contribution to Connecticut College's future.

Charitable Lead Trust

A lead trust is the "mirror image" of a remainder trust. Income from the trust you create is paid to Connecticut College for a certain number of years. At the end of that period, assets are either returned to you or transferred to someone else. Typically, these assets are given to younger family members. A lead trust lets you make a major gift to Connecticut College and pass assets on to your heirs in a way that can substantially reduce your gift and estate taxes.

The most common lead trust arrangement does not allow you to receive an income tax deduction for payments made to Connecticut College, but it does let you remove these payments from your taxable income. Over time, this has the same effect as a charitable deduction.

Two key benefits of charitable lead trusts include reducing estate taxes to preserve wealth for your heirs and reducing gift taxes. As with all charitable trusts, it is important to work with a trusted financial and estate advisor who can counsel on the best strategy for your particular situation. It is important to communicate your goals and financial decisions not only with your financial partners but also with your family members and charitable beneficiaries.

Retained Life Estate

If you have real estate that you would like to use during your lifetime, but you do not have an ultimate heir for the property, a retained life estate may be the perfect gift arrangement for you. Giving Connecticut College a remainder interest in a piece of real estate allows you to transfer your residence, farm or vacation home to the College. You, your spouse, children or someone else designated by you can retain the lifetime right to continue using the property. You are entitled to an immediate federal income tax deduction equal to the value of the remainder interest, and you remove the property from your probate estate. You are responsible for all taxes, insurance and maintenance costs while you continue to use the property.

Phoebe and Jim are ages 60 and 65 and have no children. They have a second home on Cape Cod and would like to see the property used to fund programs at Connecticut College. They decide to give the remainder interest in their residence to Connecticut College, receiving the right to continue to live in and enjoy their cottage during their respective lifetimes. By making their gift in this way, Phoebe and Jim qualify for an immediate income tax deduction. If they later decide they no longer need the Cape Cod property, they can give their lifetime interest in it to Connecticut College and enjoy additional tax savings.

Charitable IRA Rollover

Individuals who are age 70½ or older can make charitable gifts directly from traditional individual retirement accounts (IRAs) directly to Connecticut College through a gift type known as a charitable IRA rollover, also called a qualified charitable distribution. The IRS allows annual distributions of up to $100,000. These gifts are tax-free, as you do not take the dollars into your income and then make the gift. The gift is distributed directly from the IRA administrator to the College.

CHARITABLE IRA ROLLOVER DETAILS:

- You must be age 70½ at the time of the distribution (you must wait until at least 183 days after your 70th birthday to make the transfer).

- You may contribute a maximum of $100,000 per year per individual. These qualified charitable distributions count toward your required minimum distribution, and they can be more than your annual RMD. Note: Spouses can each transfer this amount from their separate IRAs.

- Distributions must come from your IRA(s) directly to charity. Retirement assets in 401(k), 403(b), SEP, or SIMPLE plans, etc., do not qualify, but you may be able to first roll those funds into a new or existing IRA and direct the plan administrator to transfer the funds from the IRA directly to Connecticut College.

- Since there is no tax on the withdrawal, you are not entitled to a charitable income tax deduction for your gift.

- IRA rollover distributions can pay outright gift commitments.

The Rosemary Park Society

The Rosemary Park Society, named for the College's pioneering leader and former president, is a donor-recognition society honoring those who remember Connecticut College in their estate plans or have made other forms of planned gifts. Members have shared their meaningful future commitment with the College, serving as an inspiration for all who strive to strengthen the future of Connecticut College.

Rosemary Park Anastos (1907—2004) was pivotal in building the Connecticut College we know today. During her tenure as president, from 1947—1962, enrollment grew by a third and unsettling world events raised formidable questions about the focus of higher education in America. With characteristic grace and determination, Miss Park led an ambitious capital campaign that marked the College's 50th anniversary, in 1961; guided a major revision of curriculum; and oversaw construction of a dozen new buildings, including the six residence halls of the Plex and the College Center at Crozer-Williams.

Rosemary Park Society

CONNECTICUT COLLEGE

Miss Park had an international reputation as a gifted academic and administrator and was known for her sharp observations. "To be young and feminine at 16 is no achievement. To be a respected person at 60 is," she once told first-year students. She urged students to choose a major according to their interests but also to "think what needs doing in the world today."

Miss Park traveled to meet alumni all across the country. Her experiences reinforced her belief that fundraising must be an educational priority. She left New London to pursue a career as a college administrator and spent many years at UCLA. In 1967 she was welcomed back to campus by President Charles E. Shain. "Connecticut College," he said, "will always hang on to, will always be hung up on, Rosemary Park."

Rosemary Park remembered Connecticut College in her own estate plans. By joining the Rosemary Park Society, you too can build on the past and make a mark on the future. If you include the College in your will or living trust—or establish another type of planned gift—and let us know, we will welcome you as a member of the Rosemary Park Society.

Contact Us

The Office of Gift Planning at Connecticut College stands at the ready to speak with you about your individual philanthropic goals. We are experts who can work with you, your attorney and your financial advisor to thoughtfully consider the best gift vehicles for you and your family. And most important, we'll help you determine how to leave a lasting legacy at the institution you love—Connecticut College.

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