A GUIDE TO MAKING YOUR WILL

PLANNED GIVING GUIDE

DIRECT YOUR ASSETS TO THE PEOPLE AND CAUSES YOU CARE ABOUT MOST

Making a will is an important way to extend your love, care, generosity and gratitude to family and friends. It is also an excellent way to support LSU. So why have 60 percent of U.S. adults living in households with children not created a will? Perhaps the whole thing seems too time-consuming, difficult or even mysterious. To overcome these obstacles, review this helpful guide that gives clear answers to the questions you may have.

What happens if I do not have a will?

If you die without a will, your estate will be divided according to laws in the state where you live. The resulting transfer of assets may be very different from what you had wished. While certain family members will likely receive part of your estate, close friends or charities that you may have wanted to remember will not be included.

Why leave charitable gifts in my will?

Some individuals plan on leaving gifts to the LSU Alumni Association, talk about it with us and their friends, and then never get around to properly establishing such gifts in their wills. If you make this mistake, your estate will not realize the benefits of the unlimited charitable estate tax deduction, and LSU will not receive your support.

Can I revoke my will?

Note that one of the articles in your will is "revocation of prior wills and codicils." Relationships and situations change, and this article ensures that you are free to alter your will with a codicil or to change your will entirely at any time. A codicil is a written and properly witnessed legal change to a will.

It is a good idea to keep your old will but to write on its pages 1.) that it has been revoked and replaced by a new will, and 2.) the date of the new will. This may be useful in situations when someone wants to challenge a newer will.

What can I put in my will?

Only you know the special circumstances of your family members and heirs. That is why it is important to discuss these factors with your attorney. Some things to address include how you want to distribute your estate, whom you want to be executor and what charities you wish to support.

For example, you may want your will to:

- Name the **executor** of your estate. An **executor** is the person named in a will to manage the estate, collect the property, pay any debt and distribute property according to the will.
- Give your property to those you choose.
- Set up trusts to save on taxes and provide financial management.
- Name a guardian for minor children.
- Ensure lifetime care for a child with a disability.
- Pass what you choose to children of a prior marriage.
- Set guidelines for distributions if you and your spouse die at the same time.

Ask your attorney about a living will and a durable power of attorney in case you become incapacitated. Your attorney may suggest other components, but be prepared to talk about these items so you will be in a position to have a document drafted that accomplishes your wishes.

TYPICAL COMPONENTS (I.E., ARTICLES) OF A WILL:

- your identification and state of residence
- revocation of prior wills and codicils
- name of executor
- payment of taxes and administration of estate
- payment of debts
- specific gifts
- residuary estate (i.e., the part of an estate left after debts, taxes and specific bequests have been paid)
- common disaster clause

WE WANT TO WORK WITH YOU TO CREATE A GIFT THAT BEST FITS YOUR CIRCUMSTANCES AND LSU'S NEEDS.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

APPRECIATED SECURITIES

PLANNED GIVING GUIDE

APPRECIATED SECURITIES

Securities and mutual funds that have increased in value and been held for more than one year are one of the most popular assets to use when making a gift to the LSU Alumni Association. Making a gift of securities or mutual funds to us offers you the chance to support our work while realizing important benefits for yourself.

When you donate appreciated securities or mutual funds you have held more than one year to us in support of LSU, you can reduce or even eliminate federal capital gains taxes on the transfer. You are also entitled to a federal income tax charitable deduction based on the fair market value of the securities at the time of the transfer.

Securities are most often used to support LSU in the form of a/an:

outright gift: When you donate securities to the LSU Alumni Association, you receive the same income tax savings that you would if you wrote us a check, but with the added benefit of eliminating capital gains taxes on the transfer, which can be as high as 20 percent. Making a gift of securities to support LSU's mission is as easy as instructing your broker to transfer the shares or, if you have the physical securities, hand-delivering or mailing the certificates along with a stock power to us in separate envelopes. (Using separate envelopes safeguards your gift—the certificates will not be negotiable without the stock power.)

transfer on death (or "TOD") account: By placing a TOD designation on your brokerage or investment account, that account will be paid over to one or more persons or charities after your lifetime. It is not necessary for the TOD designation to transfer all of the account solely to charity—you can designate a certain percentage of the account. With a TOD account, the beneficiary you name has no rights to the funds until after your lifetime. Until that time, you are free to use the money in the brokerage account, to change the beneficiary or to close the account.

gift in your will of living trust: If you aren't ready to give up these assets during your lifetime, a gift of securities through your will or living trust allows you the flexibility to change your mind at any time. You can continue to receive dividends and participate in shareholder votes, and the securities are still yours if you need them for other expenses. In as little as one sentence, you can ensure that your support for LSU continues after your lifetime and that your estate will benefit from a charitable estate tax deduction.

donor advised fund: When you contribute to a donor advised fund with appreciated securities, you will receive a federal income tax charitable deduction for the fair market value of the asset and eliminate capital gains tax. Because of our nonprofit status, the LSU Alumni Association does not pay capital gain tax when we sell the gifted securities.

memorial gift: If you have a friend or family member whose life has been touched by LSU, consider making a gift to the LSU Alumni Association in his or her name.

endowed gift: Create an endowment or contribute to one that is already established to ensure that your support of LSU will last forever.

charitable gift annuity: Funding a gift annuity with appreciated securities or mutual funds will not only provide you with reliable payments for life and allow you to support LSU, but it can offer numerous financial benefits. First, your annuity payments are often more than the dividends you would receive each year from the securities. Second, you will receive a federal income tax charitable deduction in the year the gift is made and eliminate part of the capital gains tax you would have paid if selling the securities.

charitable remainder trust: Highly appreciated securities are one of the best ways to fund a charitable remainder trust. You may be reluctant to sell such assets directly because of the tax you would pay on the gain; however, if the assets were transferred to a charitable remainder trust, the assets can be sold without incurring the capital gains tax. The trustee can then reinvest the proceeds in order to secure a higher current income yield.

charitable lead trust: Rapidly appreciating assets such as stocks are a great way to fund a charitable lead trust. The assets transferred to the lead trust are frozen in value for transfer-tax purposes at the time of funding. At the end of the trust's term, all appreciation that takes place in the trust will pass tax-free to your heirs.

APPRECIATED SECURITIES

Calculate Your Benefits

Submit a few details and see how a charitable gift annuity can benefit you. See your benefits online at lsualumni.org/planned-giving.

Next Steps

1. Contact us for additional information on appreciated securities.
2. Seek the advice of your financial or legal advisor.
3. If you include the LSU Alumni Association in your plans, please use our legal name and Federal Tax ID:

   Legal Name: LSU Alumni Association
   Address: 3838 W. Lakeshore Dr. Baton Rouge, LA 70808
   Federal Tax ID Number: 72-6027430

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

THE 3 EASIEST WAYS TO LEAVE YOUR LEGACY

Although many people think of a will as the easiest way to transfer assets after their lifetime, it doesn't cover everything. In fact, retirement plans, IRAs, life insurance and commercial annuities are not controlled by the terms of your will, but instead use separate beneficiary forms to determine who receives them. These beneficiary designations trump your will when it comes to passing along these assets at your death, making them effective and easy ways to leave a legacy.

1. Retirement Plans and IRAs

If you want to make a difference at our organization after your lifetime, consider a tax-wise gift from your retirement plan or IRA. Here's why.

A retirement plan or IRA is typically the largest source of assets that generate taxable income when paid to a beneficiary. More than half of your retirement plan assets could be subject to income and estate taxes. Therefore, if you are considering a gift to our organization after your lifetime, it is usually better to leave taxable assets to us and give nontaxable assets (such as stocks and real estate) to your loved ones.

To complete your gift, simply contact your retirement plan or IRA administrator and complete a beneficiary designation form naming our organization as beneficiary and the percentage (1-100) you'd like us to receive. Then mail it back to the plan administrator and keep a copy for your records. Beneficiary forms are filled out on your terms and can be changed at any time.

Example: Dan would like to leave the LSU Alumni Association his $100,000 IRA after his death. If he names us as the beneficiary for 100 percent of his IRA, we would receive the entire $100,000 to help fulfill our mission. By comparison, if Dan leaves the IRA to his sister, she will owe a sizable amount of the IRA to income taxes.

COMPARE THE TAX CONSEQUENCES

$100,000 IRA LEFT TO DAN'S SISTER VS. OUR ORGANIZATION

CHOSEN BENEFICIARY	SISTER	LSU ALUMNI ASSOCIATION
net amount to beneficiary	$72,000	$100,000
value of Dan's IRA at his death	$100,000	$100,000
federal income taxes (assumes 28 percent marginal income tax bracket)	$28,000	$0

2. Life Insurance Policies

Maybe you once needed life insurance for your loved ones, but now your family's requirements have changed. Why not use the insurance policy to help advance LSU's mission? Not only will you make a substantial gift at a relatively low cost, but it is revocable at any time should you need to change your plans.

You can designate the LSU Alumni Association as the beneficiary for a percentage of your life insurance policy's death benefit. You choose whatever percent you desire. To complete your future gift, contact your insurance company or agent and request and complete a beneficiary designation form. Then mail it back to the insurance company. Keep a copy for your records.

3. Commercial Annuities

Commercial annuities are tax-heavy assets to own, similar to retirement plans and IRAs. They carry an income tax burden when paid to your named beneficiary. The income tax is due on the growth of the annuity—in other words, what its value is worth when you die over what you paid for it. The tax burden makes these assets another popular choice to leave to a tax-exempt organization like the LSU Alumni Association.

Similar to the process for making gifts of retirement plan assets and life insurance, to complete a gift from your insurance annuity, contact your insurance company or its agent for a change-of-beneficiary form for the annuity. Decide what percentage of the annuity's value you would like us to receive and name us, along with the stated percentage on the beneficiary form. Then mail it back to the insurance company and keep a copy for your records.

How to Obtain Beneficiary Forms

- **retirement plans and IRAs:** Contact the administrator of your retirement plan or IRA.
- **life insurance:** Contact the life insurance company or your agent.
- **insurance annuities:** Contact the insurance company or your agent.

The Importance of Updating Your Designations

Beneficiary designations can be modified at any time to meet your changing needs. Your assets may never reach your intended recipients if you've failed to keep the beneficiary designations up to date. Experts suggest reviewing them every two to three years when you review your entire estate plan.

We want to work with you to create a gift that best fits your circumstances and LSU's needs. To learn more about the benefits of designating the LSU Alumni Association as beneficiary of your retirement assets, life insurance or insurance annuities, please contact us today.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

STRENGTHEN YOUR FUTURE WITH A CHARITABLE GIFT ANNUITY

RECEIVE AN INCOME FOR LIFE AND SAVE ON TAXES

The idea of a **charitable gift annuity** is nothing new, but its benefits will never grow old. In America, the concept dates back to 1843, when a Boston merchant donated money to the American Bible Society in exchange for a flow of payments. Today, a charitable gift annuity offers valuable tax benefits. But perhaps more valuable than the financial advantages is the satisfaction of helping continue the mission and good works of organizations like LSU.

charitable gift annuity
a contractual agreement between a donor and a charitable organization in which the donor gives assets in exchange for the organization's promise to provide the donor with payments for life.

When you create a charitable gift annuity with the LSU Alumni Association, your donation is divided into two parts: an amount attributable to the charitable gift portion and the amount attributable to your annuity payments. If you itemize deductions on your tax return, savings from the federal income tax charitable deduction of the gift portion reduce your gift's net cost.

If you fund your annuity with appreciated property rather than cash, you benefit even more because you are not responsible for the capital gains tax at the time of your gift. Instead, a portion of your payments will be taxed as capital gain (provided that you are the primary annuitant and the annuity interest is assignable only to the charity).

Understanding Annuity Rates

Based on life expectancy, older annuitants have higher annuity rates. Rates also vary according to the number of annuitants, with rates for two-life contracts often lower because of the extended period of time that payments will likely be made. Below you will see rates recommended by the American Council on Gift Annuities, which most organizations follow. Check with your estate planning attorney or our representative for current rates and applicable ages for gift annuity eligibility.

ANNUITY RATES: ONE RECIPIENT

Recipient's Age	Annuity Rate
60	4.4%
65	4.7%
70	5.1%
75	5.8%
80	6.8%
85	7.8%
90+	9.0%

ANNUITY RATES: TWO RECIPIENTS

Recipient's Age	Annuity Rate	Different Ages	Annuity Rate
60	4.4%	60/65	4.0%
65	4.7%	65/70	4.4%
70	5.1%	70/75	4.8%
75	5.8%	75/80	5.3%
80	6.8%	80/85	6.1%
85	7.8%	85/90	7.3%
90+	9.0%	90/95+	8.8%

CHARITABLE GIFT ANNUITY

A Case Study of Benefits

Mary, 75, plans to donate a maturing $10,000 certificate of deposit to our organization. Because she needs continuing income, she decides to give the cash in exchange for a one-life charitable gift annuity that we will issue at the suggested rate of 5.8 percent, or $580 per year.

Because Mary itemizes her tax deductions, she earns a federal income tax charitable deduction of $4,302* (the amount of the $10,000 donation attributable to the gift portion). With a marginal income tax bracket of 28 percent, the tax savings of $1,205 will reduce the net cost of her gift to $8,795.

*Based on annual payments and a 1.6 percent charitable midterm federal rate. Deductions will vary based on income earned.

WE WANT TO WORK WITH YOU TO CREATE A GIFT THAT BEST FITS YOUR CIRCUMSTANCES AND LSU'S NEEDS.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

TRUSTS: CHOOSE FROM TWO WIN-WIN WAYS TO DONATE

UNCOVER THE OPTION THAT MATCHES YOUR GOAL

Which of the following would you like to accomplish?

- boost your retirement income
- provide for your heirs
- reduce your taxes
- support LSU

With charitable trusts, you can do all of the above. This guide offers helpful information on two popular types of charitable trusts. Keep reading to uncover which type may be right for you.

Charitable Remainder Trust vs. Lead Trust

The main difference between a charitable remainder trust and a charitable lead trust is when we receive your gift. With a remainder trust, we receive the remainder after your lifetime or a term of years. With a lead trust, we receive our gift first, with the remainder going to individuals you choose.

Charitable Remainder Trust: Receive Income for Life or a Term of Years

When you donate assets to a charitable remainder trust you create, you receive a stream of income from the trust, which can last for your lifetime or a set term of up to 20 years. The income amount may be greater than what the assets currently yield. If you wish, your spouse or another individual can receive an income from the trust after your lifetime. At the end of the trust term, the remaining balance goes to us.

You can choose from two basic types of charitable remainder trusts. Use the following chart to help you determine which one fits your needs.

UNITRUST OR ANNUITY TRUST:
WHICH IS BEST FOR YOU?

	DEFINITION	DONOR PROFILE	BENEFITS	FUNDING
CHARITABLE REMAINDER ANNUITY TRUST	A trust from which you receive fixed income for life or a term of years	Best for those older than age 70 seeking to make a substantial gift and receive a higher income for a short period of time	• Fixed income • Income tax deduction • No up-front capital gains tax on transfer of assets • Significant future gift to LSU	With cash or securities, typically $100,000+
CHARITABLE REMAINDER UNITRUST	A trust from which you receive variable income (based on the trust's value each year) for life or a term of years	Best for those older than age 55 seeking to make a substantial gift	• Variable income • Income tax deduction • No up-front capital gains tax on transfer of assets • Allows additional gifts • Significant gift to us in the future	With cash, securities or other assets, typically $100,000+

CHARITABLE TRUSTS

PLANNED GIVING GUIDE

Charitable Lead Trust: Reduce Taxes and Leave an Inheritance for Your Heirs

With a charitable lead trust, you transfer cash or assets, which are appreciating in value, into a trust you create with the intention of supporting a charitable organization first and then returning the remaining assets to your family. It's a tool that helps preserve family wealth.

The major benefit of creating a charitable lead trust is in transferring assets to family members at very little gift or estate tax costs. Using a lead trust, you could potentially pay a relatively small gift tax for eventually transferring a large amount of assets to your children. This type of gift provides you with a gift tax deduction, not an income tax deduction.

Types of Charitable Payments

Your transfer to the trust is treated as two separate gifts. The first gift is to us in the form of an annual payment. The second gift is the remainder interest that your family will ultimately receive. To receive a transfer tax deduction for the charitable payment, it must be either:

- **an annuity payment:** With this type of payment, we receive the same amount annually whether the trust assets appreciate or depreciate. If the trust income is insufficient, the trustee uses principal to make up the difference.
- **a unitrust payment:** With this option, we receive a variable amount based on a specified percentage of the fair market value of the trust assets, valued annually. You set the percentage upon creating the trust. The payments fluctuate with trust appreciation or depreciation. If the trust income is insufficient, the trustee uses principal to make up the difference.

Learn More

We are here to help you. Contact us with any questions you have about creating a trust that benefits you and our organization.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

ONE-STOP GIVING:

THE CONVENIENCE AND SIMPLICITY OF DONOR ADVISED FUNDS

Your financial and charitable goals are a reflection of your commitment to support the future of your loved ones, charitable organizations you value (such as the LSU Alumni Association) and the greater community. But sometimes it can be difficult to keep track of the organizations you wish to support and the documents required to receive your benefits from charitable gifts. A convenient and easy way to organize your charitable intentions is to create a donor advised fund. Consider it one-stop giving.

How It Works

- You open a donor advised fund by a written agreement at a community foundation or sponsoring organization. Most donor advised funds require a minimum gift to open your fund, although additional contributions may be less.
- You can make contributions to your fund at any time. Your contributions are invested by the sponsoring organization, which provides a regular accounting to you.
- You make the recommendations that various amounts be distributed to charitable organizations of your choice, such as ours.
- You receive a federal income tax charitable deduction for gifts to your donor advised fund.

3 Tips for Choosing Where to Set Up Your Fund

1. **Evaluate the sponsoring organization carefully.** When you make a gift to a donor advised fund, you irrevocably give away your money or property. Make sure the organization you select is one that supports your values.
2. **Understand the fund's policies and procedures.** Minimum contributions, as well as the amount and frequency of grant recommendations, all vary depending upon the sponsoring organization.
3. **Consider costs and investment.** All donor advised funds charge administrative fees that can vary considerably. In addition, investment performance will vary from one donor advised fund to the next, affecting the amount that will actually be distributable to a charitable organization.

Your Benefits

- **convenience:** Setting up a donor advised fund allows you to take a federal income tax charitable deduction when you make a gift to the fund—without immediately having to choose the charities you want to support.
- **simplicity**—You can support a number of charitable organizations without having to retain records for a number of separate contributions.
- **family philanthropy**—Families can build a tradition of giving and teach their children the values of philanthropy by involving them in the decisions about which grants to recommend.

If you would like more information on setting up a donor advised fund to support organizations important to you, such as the LSU Alumni Association, please contact us today.

DONOR ADVISED FUNDS

PLANNED GIVING GUIDE

WE WANT TO WORK WITH YOU TO CREATE A GIFT THAT BEST FITS YOUR CIRCUMSTANCES AND LSU'S NEEDS.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

ENDOWMENTS

A GIFT THAT LASTS FOREVER

Throughout our lifetime, most of us strive to make a difference in the lives of others, providing gifts to the people and causes we value. Wouldn't it be nice to know that you could continue to change lives even after you are gone—creating a legacy of support for the causes most important to you? By creating an endowment with the LSU Alumni Association—or adding to our existing endowment—you can give a gift that lasts forever.

How It Works

- You give cash, securities or other assets to an existing endowment or an endowment you create with the LSU Alumni Association. If you can't give up assets today, consider making the gift in your will or other estate plan, specifying that you would like your gift to be used to fund an endowment.
- You determine if your endowment will be designated to fund a specific program or service, or given without restrictions to allow our board of directors to direct the fund to our most critical needs.
- We use a small portion of the fund to support our mission, but the balance always remains invested in order to perpetuate the fund.

Endow Your Annual Gift

Make a plan so that the programs and goals most important to you continue thriving after your lifetime.

If your annual gift is:	Amount needed to endow your gift forever:*
$250	$6,250
$500	$12,500
$1,000	$25,000
$2,500	$62,500
$5,000	$125,000

*At a 4 percent endowment spending level, 25 times an annual gift amount equals a perpetual gift.

A Case Study of Benefits

For many years, Susan has been writing a check for $5,000 to the LSU Alumni Association. She wants to continue this giving and create a legacy of support after her death. She decides to update her estate plan and establish an endowment gift in her will of $125,000. When the gift is made, we use a portion of the endowment each year to fund our programs and reinvest the remainder, allowing it to grow and support annual payouts indefinitely. This generous arrangement allows Susan to continue supporting our current needs each year during her lifetime and ensures she can support our future needs after her lifetime.

Susan is entitled to a $5,000 income tax charitable deduction on her taxes the year the gift is made. The endowment gift also reduces the size of her taxable estate at death. LSU receives the benefit of Susan's generosity now and forever.

WE CAN HELP

We would love to work with you to help you create a lasting legacy that honors your values for many years to come. Please contact us today to learn more about establishing an endowment with the LSU Alumni Association.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

GET STARTED

Contact us today for more information about using real estate to support LSU. We would be happy to assist your attorney and other advisors in designing the most suitable plan for you.

CONTACT US

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

SEVEN WAYS TO DONATE REAL ESTATE

THINK TWICE BEFORE YOU PUT OUT THE FOR SALE SIGN AND CONSIDER A GIFT OF REAL ESTATE

Imagine avoiding the hassle of selling a piece of property, with no worry about getting a fair price, and at the same time realizing valuable federal income or estate tax charitable deductions. This can be your reality when you consider using real estate to make a gift to support LSU. A gift of real estate can be completed in a variety of ways. Here are some examples:

1. Make a Gift Today

In addition to freeing you from the costs and responsibilities of ownership, making an outright gift of property that you've owned for more than a year offers these benefits:

- You obtain an income tax charitable deduction equal to the property's fair market value (i.e., the price that a willing buyer and a willing seller can agree on). This deduction reduces the cost of making your gift and frees cash that otherwise would have been used to pay taxes.
- You eliminate capital gains (i.e., the increase in value of an asset since its original purchase) tax on the property's appreciation.
- The transfer isn't subject to the gift tax (i.e., tax on gifts generally paid by the person making the gift rather than the recipient) and the gift reduces your future taxable estate.

Example

Mary gives us a vacation cottage she no longer uses. It originally cost $50,000 but is now worth $150,000. She gets a $150,000 federal income tax charitable deduction, which represents a tax savings of $42,000 in her 28 percent tax bracket, and she completely eliminates tax on the $100,000 of appreciation. Now she no longer has to maintain the cottage, and, if Mary's estate is worth more than the current estate tax exemption amount, the property is removed from her estate, reducing her future estate tax liability.

2. Give Real Estate Through Your Will or Living Trust

If you are not comfortable making an irrevocable (i.e., cannot be changed or canceled) gift of property right now, consider leaving it to the LSU Alumni Association in your will or revocable (i.e., able to be changed or canceled) living trust. This can be the perfect way to support LSU because you are able to help us in the future without using assets today.

A gift in your will or living trust can be created or changed at any time. It allows you to continue ownership, enjoy your property during your lifetime and create a lasting legacy in your memory or in memory of a loved one.

3. Donate Your Home, but Keep Living There

Many LSU supporters can't imagine living anywhere else but their current homes. Many would also love to make a significant gift to us but don't have the means to make such a gift today. If this sounds like you, you may want to consider a charitable giving arrangement called a retained life estate.

With a retained life estate, you deed a personal residence or farm to us now. You retain the right to occupy the home for life and continue to pay real estate taxes, maintenance fees and insurance on the property. In addition, you can later decide to rent your home or make improvements to it. After your lifetime—and the lifetime of your spouse or another person you choose to retain rights to live in the home—we take possession of the property.

4. Create a Charitable Gift Annuity with Property

If you are tired of the hassles of maintaining your property, such as paying taxes, utilities and repair bills, or if you have non-income producing property, you may wish to consider donating the property to the LSU Alumni Association in exchange for a charitable gift annuity. A charitable gift annuity involves a simple contract between you and us where you agree to make a gift and we, in return, agree to pay you (and someone else, if you choose) a fixed amount each year for the rest of your life. In addition to providing a gift to LSU and receiving fixed payments for life, you also receive these benefits:

- Your initial gift is partially income tax-deductible.
- Your charitable gift annuity payments are partially income tax-free throughout your estimated life expectancy.
- Your payments are not affected by ups and downs in the economy.
- The gift annuity can be for one or two people, so your spouse or another loved one can also receive payments for life.
- If you use appreciated real estate to make a gift, you can usually eliminate capital gains tax on a portion of the gift and spread the rest of the gain over your life expectancy.

If you are thinking about funding a charitable gift annuity, a gift of unmortgaged property to fund a deferred gift annuity is preferable and generates the greatest tax benefit.

5. Make a Bargain Sale

A bargain sale occurs when you sell real estate that you've owned for more than one year to us for less than its current fair market value, subject to our agreement. After we purchase your property, three things happen: 1.) you receive a cash payment from us for the sale price, 2.) you receive a charitable deduction for the difference between the sale price and the higher fair market value, and 3.) we receive the property at a bargain price. You benefit financially, and so does LSU.

6. Use Property to Fund a FLIP Charitable Remainder Unitrust

Another approach is to use your property to fund what's known as a FLIP charitable remainder unitrust. Such a trust can be set up to make lifetime payments to you or any other recipient you name after the property is sold. At your death, the LSU Alumni Association receives the balance (remainder) in the trust.

Donating property to a charitable remainder trust may provide you with a number of potential benefits:

- eliminate up-front capital gains tax on the increase in the property's value since you bought it
- receive an immediate income tax deduction for the value of the remainder interest
- receive income from the trust for the rest of your life once the property is sold
- reduce the cost of probate—the legal process of administering your estate after your death—by eliminating the property from your estate
- relieve yourself of selling or maintaining your property
- make a significant gift that we can access after your lifetime

7. Establish a memorial and endowment gift

A gift of real estate is a perfect way to honor your loved one through a memorial or endowment type gift. If you have a family member or friend whose life has been touched by us, we hope you'll consider making a gift to the LSU Alumni Association in honor of that person. Providing a gift establishes a living tribute that allows you to:

- honor a loved one or yourself
- support our continuing efforts
- receive a federal income tax charitable deduction
- reduce or eliminate capital gains tax

When you make an endowed gift, your contribution is invested with and becomes part of our endowment. An annual distribution is made for the purpose you designate. Because the principal remains intact, the fund will generate support in perpetuity. Your real estate gift can fund an endowment you create. Or, you can contribute to an already established endowment.

Why donate real estate?

Depending on the method you choose, a gift of real estate to our organization may allow you to:

- receive a charitable income tax deduction
- reduce or eliminate capital gains tax
- pay no gift tax on the transfer
- reduce the size of your taxable estate
- relieve the responsibilities and costs of upkeep

TYPES OF CHARITABLE TRUST PAYMENTS

Your transfer to the trust is treated as two gifts. The first gift is to us, in the form of an annual payment. The second gift is the remainder interest that your family will ultimately receive. To receive a transfer tax deduction for the annual charitable payment, it must be either:

An annuity payment

With this type of payment, we receive the same amount annually, whether the trust assets appreciate or depreciate. If the trust income is insufficient, the trustee uses principal to make up the difference.

A unitrust payment

With this option, we receive a variable amount based on a specified percentage of the fair market value of the trust assets, valued annually. You set the percentage upon creating the trust. The payments fluctuate with trust appreciation or depreciation. If the trust income is insufficient, the trustee uses principal to make up the difference.

LEARN MORE

We are here to help you. Contact us with any questions you have about creating a trust that benefits you and LSU.

225-578-3838

amy@lsualumni.org

3838 W. Lakeshore Dr.
Baton Rouge, LA 70808

lsualumni.org/planned-giving

LSU ALUMNI ASSOCIATION

TRUSTS: CHOOSE FROM TWO WIN-WIN WAYS TO GIVE

UNCOVER THE OPTION THAT MATCHES YOUR GOAL

Which of the following would you like to accomplish?

- Boost your retirement income
- Provide for your heirs
- Reduce your taxes
- Support LSU

With charitable trusts, you can do all of the above. This guide offers helpful information on two popular types of charitable trusts.

CHARITABLE REMAINDER TRUST VS. LEAD TRUST

The main difference between a charitable remainder trust and a charitable lead trust is when we receive your gift. With a remainder trust, we receive the remainder after your lifetime or a term of years. With a lead trust, we receive our gift first, with the remainder going to individuals you choose.

CHARITABLE REMAINDER TRUST:
RECEIVE INCOME FOR LIFE OR A TERM OF YEARS

When you donate assets to a charitable remainder trust you create, you receive a stream of income from the trust, which can last for your lifetime or a set term of up to 20 years. The income amount may be greater than what the assets currently yield. If you wish, your spouse or another individual can receive income from the trust after your lifetime. At the end of the trust term, the remaining balance goes to us.

You can choose from two basic types of charitable remainder trusts. Use the following chart to help you determine which one fits your needs.

UNITRUST OR ANNUITY TRUST:
WHICH IS BEST FOR YOU?

	DEFINITION	DONOR PROFILE	BENEFITS	FUNDING
CHARITABLE REMAINDER ANNUITY TRUST	A trust from which you receive fixed income for life or a term of years	Best for those older than age 70 seeking to make a substantial gift and receive a higher income for a short period of time	• Fixed income • Income tax deduction • No up-front capital gains tax on transfer of assets • Significant future gift to LSU	With cash or securities, typically $100,000+
CHARITABLE REMAINDER UNITRUST	A trust from which you receive variable income (based on the trust's value each year) for life or a term of years	Best for those older than age 55 seeking to make a substantial gift	• Variable income • Income tax deduction • No up-front capital gains tax on transfer of assets • Allows additional gifts • Significant gift to us in the future	With cash, securities or other assets, typically $100,000+

CHARITABLE LEAD TRUST:
REDUCE TAXES AND LEAVE AN INHERITANCE FOR YOUR HEIRS

With a charitable lead trust you transfer cash or assets, which are appreciating in value, into a trust you create with the intention of supporting a charitable organization first and then returning the remaining assets to your family. It's a tool that helps preserve family wealth.

The major benefit of creating a charitable lead trust is in transferring assets to family members at very little gift or estate tax cost. Using a lead trust, you could potentially pay a relatively small gift tax for eventually transferring a large amount of assets to your children. This type of gift provides you with a gift tax deduction, not an income tax deduction.