Denny Trust Supports Science and Music

Despite having a bachelor’s degree from the University of Minnesota and a law degree from Georgetown University, James Denny maintains a special place in his heart for DePaul. And recently, he’s shown just how special that place is by establishing a $1 million charitable remainder annuity trust (see page 4) to be split between the university’s Campaign for Excellence in Science and scholarships for the DePaul University School of Music.

“Science is an absolutely critical component of any college education today,” says Denny, a former DePaul board member, life trustee and volunteer member of the science campaign steering committee. His long business career, much of it in the pharmaceutical industry, has given Denny a special appreciation for the practical aspects of a science education, but he also recognizes the value of a building for the science program at DePaul.

“By enlarging its science education capacity, DePaul is rounding out its portfolio of educational products,” he explains. “I like to think that, through this effort, DePaul students will have just as much opportunity to become top-flight scientists as they have now for becoming in-demand lawyers, accountants or musicians.”

But science isn’t his only love. Half of his trust for DePaul is earmarked to fund scholarships specifically for musicians.

His sixth and youngest child, William (MUS ’97, MBA ’05), plays guitar in the well-known tribute band Trippin’ Billies. During his own college days, Denny played mandolin in a folk trio, and he was president of the glee club — a testament, he says, more to his political abilities than his singing. He and his wife, Catherine, are also longtime supporters of the Chicago Symphony Orchestra, Lyric Opera and the Art Institute of Chicago. He has served for many years on the board of Northwestern Memorial Hospital.

Denny feels quite strongly about the importance of philanthropic giving, especially giving that supports higher education.

“Our university system in the United States, which provides our country with a competitive advantage, is unequalled in providing opportunities to everyone, and that’s due in large part to a uniquely American tradition of philanthropic giving,” he says. “That tradition not only provides individuals opportunities but also helps to maintain our vital — and vibrant — educational system.”
Unitrusts Enable Friends of DePaul to Make Gifts and Achieve Objectives

People who support DePaul University do so out of a spirit of generosity and interest in higher education. Nonetheless, charitable contributions often can be planned to blend with the personal goals and objectives donors have for themselves and their families. Charitable remainder unitrusts can be a remarkable tool for achieving these objectives.

How Does a Unitrust Work?

A charitable remainder unitrust is an arrangement into which you irrevocably place cash, securities or other property, but keep a specified income – usually for life. When the trust ends, the property in the trust passes to the University, much as if you had left it in your will. But because you chose to “accelerate” your bequest by means of a trust, Congress says you are entitled to a substantial income tax charitable deduction. Depending on how you arrange your trust, many other advantages are possible:

- Increased income for your family
- Capital gains tax avoidance
- Favorably taxed income
- Diverting of income to a family member in a low tax bracket
- Federal estate tax savings
- Avoidance of gift tax
- Professional investment of your funds
- A hedge against inflation
- Reduced estate settlement costs
- Meaningful support for DePaul.

How Much Income Will My Unitrust Pay?

The unitrust must provide that a specific percentage (minimum 5%) of the value of the property in trust be paid annually. If the value of the trust increases, the payout will increase, too. Decreases are also possible. Most unitrusts pay out 5%, 6% or 7% annually.

How Much Can I Deduct?

The amount of the deduction generally will depend on the age or ages of the people receiving payments and the amount of the benefits you want to receive each year. For example, a trust that pays a 6% income to a person age 70 will produce a deduction for about 48% of the amount placed in trust. We can provide you with exact figures for your situation.

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<th>Age of Beneficiary</th>
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Deduction for Gift of $100,000 to a Unitrust for Life of One Beneficiary
Do Unitrusts Avoid Capital Gains Tax?

You can transfer highly appreciated stock (that you have owned more than one year) to a tax-exempt unitrust. The trustee sells the stock, avoids all capital gains taxes, and pays income for life to you and your spouse. Your gift will help DePaul in the future and you will receive a substantial charitable deduction this year.

Can a Unitrust Hold My Commercial Real Estate?

You could transfer an apartment or office building to a charitable remainder unitrust that will pay you income for the rest of your life. No capital gains taxes will occur when the property is sold and you will receive a charitable deduction, as well. You’ll keep a good income, but won’t have to deal with repairs – or tenants! And you’ll make a truly satisfying future gift to DePaul.

Trusts in Financial Planning

This issue of Cortelyou Quarterly has discussed some of the personal and philanthropic planning opportunities available from charitable remainder unitrusts.

Our Planned Giving Office has a new booklet – Trusts in Financial Planning – that provides an even broader perspective. This booklet covers a wide range of benefits provided by family and charitable trusts, including trusts created in your estate plan.

To learn more about trusts of all kinds – revocable living trusts, life insurance trusts, “QTIP” trusts, charitable remainder trusts and others – and what they can accomplish for your family, just fill out and return the enclosed card. We look forward to hearing from you.

The John R. Cortelyou Heritage Society

Rev. John R. Cortelyou, C.M. was President of DePaul University from 1964 through 1981 during a period of extraordinary advancement. His legacy is now reflected in the program that bears his name. The Cortelyou Heritage Society honors individuals who demonstrate their commitment to DePaul by making a planned gift today that supports the goals DePaul will realize in the future. Call our office at 312-362-8268 to find out more about this honorary gift club.
Benefits of a Charitable Remainder Annuity Trust

An annuity trust is a special type of charitable trust that has fixed payments for one or two lifetimes. When a donor creates an annuity trust with DePaul, the donor can specify what the overall annuity value will be and what the payout percent will be for lifetime income, as well as who will receive that income.

Generally, annuity trusts work well with highly appreciated property such as stocks. The tax benefits of a charitable remainder annuity trust include an income tax charitable deduction at the time of creation of the trust, avoidance of capital gains on the stock or other type of asset and increased income, some of which may be tax free.

Annuity trusts differ from unitrusts in that payments are fixed for life. They do not fluctuate according to the market value of the trust. Annuity trusts are a great way to help DePaul through scholarships for needy students or other programs, while also receiving lifetime income and tax benefits.

Example:

Fred Jones, age 66, has $100,000 in IBM stock he originally purchased for $50,000. He loves the DePaul Women’s Basketball Team and wants to set up a scholarship for a woman basketball player from the Chicago Public Schools majoring in science and maintaining a B average or better. Fred transfers the $100,000 in stock to a charitable remainder annuity trust. By creating the trust, he could avoid the capital gains tax, saving $7,500. His income tax deduction could save over $14,000 (in a 28% tax bracket) and he would receive $5,000 annually for life. The scholarship he creates could provide $11,650 annually in financial aid to a woman basketball player from the Chicago Public Schools for many years to come.