Cortelyou Quarterly

DePaul University

Planned Giving Ideas for Alumni and Friends Volume 3 Issue 3

A Part of My Family

According to Elaine Watson, "DePaul has been a part of my family for two-thirds of my life." Elaine's DePaul career began when she was an undergraduate student who worked part time for the University. Upon receiving her B.S. in Mathematics in 1968, she continued working at DePaul in the library while pursuing an M.A. in Library Science at Rosary College in River Forest. In 1979, she earned her M.B.A. from DePaul, and subsequently held several positions, including Secretary and Vice President for Administration and Executive Vice President of Operations at Barat College. When asked what inspired her to spend her successful career at DePaul, Elaine notes the new and exciting challenges that were always available to her and the many opportunities she was given to be creative.

She attributes her continued involvement after retirement to DePaul's mission. Each individual is treated equally within the university, whether the individual is the President, a basketball player, staff or faculty. A large part of her involvement with DePaul today revolves around the Staff Emeritus Society, DePaul's family of staff retirees. The seeds of this group were sown several years ago when Elaine noticed that there was no procedure in place to keep retirees connected to the University. In 2003, with assistance from the Office of Planned Giving, Human Resources and others, Elaine was instrumental in organizing the Staff Emeritus Society.

Elaine has been a generous donor to DePaul throughout her life. She says that philanthropy remains important to her, but that her giving has evolved after retirement. She now focuses on those organizations to which she is most committed – such as DePaul. In addition, she began thinking about philanthropy through her estate plans.

Elaine Watson

Three years before she retired, Elaine began revising those plans by creating a living trust. Through her trust, Elaine has made bequests to her favorite charitable organizations, including DePaul, as well as to her family. *Elaine notes that over half of her estate is comprised of IRAs, 403(b)s and other tax-deferred accounts.* Thanks to her astute financial advisers, she was able to create a trust that allows her to leave virtually her entire estate to charity and family tax free.

Elaine's advice about retirement and estate planning is straightforward: "Start planning early, and get an objective financial adviser who can help you to accomplish your goals." She notes that, while your plans may evolve over time, it is important to think about what is important to you and how you want to express your feelings through well-crafted estate planning documents. Elaine feels that retirement for her was like graduating from college: it meant a new beginning and a chance to devote time and resources to what is most important to her, while planning a legacy that reflects what is close to her heart. Student, employee, retiree and donor – Elaine is a very valued part of DePaul's family.

A Retirement Planning Tip from the Polar Explorers

Amundsen . . . Peary . . . Scott: All were bold explorers who braved death and hardship in the Antarctic and Arctic. But could they really tell us anything about retirement planning? These men did know about surviving in a hostile environment – including a splendid planning device known as a cache.

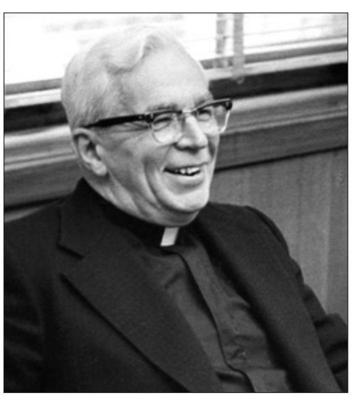
Caches were simply points along the polar exploration routes where expeditions would bury food and supplies in the snow. The benefits of establishing caches were twofold: The explorers lightened their load during the first part of the journey and also assured themselves of adequate provisions on the return trip.

The idea of a cache makes good sense in planning for retirement. You can lighten your tax load considerably during your working years if you make tax-deductible contributions to your employer's qualified pension, annuity or profit sharing plan, or to an individual retirement account (IRA) or Keogh (HR-10) plan if you are self-employed. Furthermore, the assets in your cache won't be frozen like those of Amundsen, Peary and Scott. The funds you put away will produce additional income, accumulating tax free until you begin taking distributions.

If you already participate in a qualified plan, investigate whether you can increase your contributions. It makes sense to contribute right up to the limit of what you can deduct for any of the above plans. If possible, you can augment amounts you put into a deductible retirement plan with a nondeductible \$3,000 contribution to a Roth IRA (which will provide tax-free payouts).

Plaque in Paris dedicated to St. Vincent (translation: "I share your pain")

The John R. Cortelyou Heritage Society



Rev. John R. Cortelyou, C.M.

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.

Retirement Distributions Need Careful Planning

The tax laws require owners of retirement accounts to begin receiving payments no later than the year after they become 70½ years old. These distributions must be at certain minimum levels or else the taxpayer will be subject to a 50% penalty tax on any underpayment. Distributions taken before the taxpayer reaches age 59½ are subject to an additional 10% penalty tax.

Many retirees try to keep distributions as low as possible in order to maximize tax-deferred growth of their savings. Minimum distributions are based on the retiree's age. Naming a younger person as a successor beneficiary of the retirement account provides an opportunity to stretch out payments over several decades. At the retiree's death, distributions can be calculated over the life expectancy of the named beneficiary. In the case of a grandchild, for example, distributions can be minimized and continue for years to come.

Note: You can take retirement funds out before age 59½, without the 10% penalty, if withdrawals are made in roughly equal payments, calculated over your life expectancy (or over your life expectancy and that of another person). Payments must continue for at least five years or until you reach age 59½, whichever takes longer.

Shrine Chapel at the birthplace of St. Vincent de Paul, outside of Dax, France

Hidden Sources of Retirement Income

There are several ways to augment retirement income that may not have occurred to you.

- Life insurance can often be converted into retirement income as a paid-up annuity. Or you can cash the policy and reinvest the proceeds to provide retirement income. It's likely the original purpose you intended the policy to serve – family protection – is obsolete by age 65. It's probably wise to keep sufficient insurance to cover funeral and final medical expenses.
- Post-retirement employment won't reduce your Social Security benefits if you are 70 or older; some reductions occur from ages 62 through 69 – check with your Social Security office.

Increase Your Income with a Gift

An important contribution can be particularly attractive in retirement, providing tax savings as well as great personal satisfaction to you, the donor. A charitable remainder trust established after you retire can have special appeal as part of a retirement plan, because it can result in significant income and estate tax savings, while continuing to provide income for you or others.

Camille Licklider, Director of Planned Giving, was among 30 Faculty and Staff of DePaul that made the 2004 trip to France for the bi-annual Vincentian Heritage Tour. Led by Vincentian priests and historians John Rybolt, C.M. and Ed Udovic, C.M. (Secretary and Vice President for Administration), the group followed the steps of St. Vincent's life throughout France. We've included photos from the 2004 trip in this quarter's newsletter, and we hope you enjoy them.

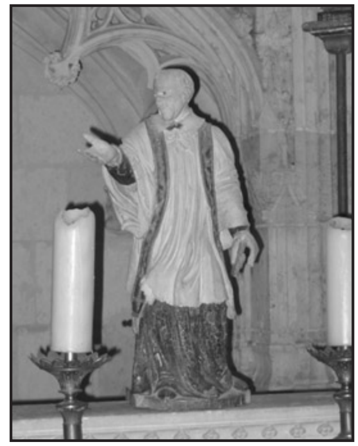
Planning for a Secure Retirement

Savings and wise investments are the bulwarks of a successful retirement plan. Through good planning, your investments can minimize your present and future income taxes – clearly an important part of any retirement program.

One way to provide retirement income is to make a planned gift to DePaul University in which you will receive lifetime income starting immediately, with larger payments at the time of your retirement.

Simply transfer property, preferably during your years of high income, to a charitable remainder trust under which you (or you and another designated beneficiary) receive an income for life, with the property coming to us only after your death. The trustee can invest initially in growth securities paying only small dividends, or perhaps zero coupon bonds or a deferred variable annuity. Later, when you retire, the investments can be restructured to provide you with a substantial return from the trust.

Example: Mr. B establishes a unitrust at age 55 with assets worth $100,000. The trust agreement provides that the trust will pay annually the income realized by the trust or 6%, whichever is less. The trustee makes growth-oriented investments estimated to increase the value of the trust to $200,000 by the time Mr. B is 65. When Mr. B retires at 65, the trustee sells the growth securities and buys high-yield securities. He then can begin paying Mr. B 6% of the $200,000 value of the trust, plus deficiencies from past years. Mr. B claims a deduction of about $30,000 in the year of the gift.



Early wooden statue of St. Vincent de Paul located in the Church at Folleville

Friends of DePaul may find the deferred payment gift annuity an ideal tool by which to help the University, save taxes now and establish a solid income for their retirement years. Deferred annuities provide both attractive payout rates and significant charitable deductions. You can fund the annuity today, receive current deductions, but postpone telling us the exact year you want payments to begin until just before you are ready to fully retire, through a charitable remainder trust or deferred payment gift annuity. Your post-retirement income will increase by having made a planned gift and you will benefit DePaul's future, as well.

We have a comprehensive new booklet, ***Planning Your Retirement***, that is available at no cost or obligation. You can receive your own copy simply by returning the enclosed card. We look forward to hearing from you.

Joel Schaffer, CFP
Senior Director of Planned Giving

DePaul University

Office of Planned Giving
1 East Jackson Boulevard • Chicago, IL 60604
Phone: (312) 362-8268 • Fax: (312) 362-5112
E-mail: plannedgiving@depaul.edu

Camille A.Licklider, J.D.
Director of Planned Giving