

# MANLEY SOCIETY

Ensuring a St. Lawrence University Education for Future Laurentians

## A Lifetime of Benefits

A charitable gift annuity gives in more ways than one: It provides a gift to St. Lawrence, and it provides a lifetime income for the annuitant. Martha Fiddler Ferguson '49 learned through her first gift annuity in 2003 that this arrangement worked very well for her, so she recently established a second gift annuity.



*Gregg Ferguson '81 and Martha Fiddler Ferguson '49*

“At my 60th reunion in 2009, I was reflecting on my positive experience as a student at St. Lawrence,” Martha describes. “I decided that now would be a good time to set up a second gift annuity.”

Martha explains that she wants to “pay it forward” for future generations. “I’ve always thought that the future of this country depends on its young people being well-educated. I know that St. Lawrence offers the kind of education that young people need to be productive and contributing members of society.”

She came to St. Lawrence because it offered a good education, and Martha “had a heck of a good time.” The trip to campus required long bus and train rides; but on Martha’s arrival, the Dean of Women was very helpful and Martha found the campus friendly and the courses inspiring. Having majored in sociology and mathematics, she has retained her sharp interest in the world and a love of mathematics.

The affinity for St. Lawrence continued to the next generation; Martha’s son Gregg graduated from St. Lawrence in 1981 and is also dedicated to his alma mater.

Martha likes how simple it is to set up a charitable gift annuity, which then provides quarterly income. “All I had to do was send the check,” she explains. “And in today’s environment, a little bit of extra income doesn’t hurt!”

# When You Inherit: New Challenges, New Opportunities

Jim and Susan are very happy with their lives. They have two great children, feel secure in their careers, and live in a nice house in a good neighborhood. Their savings account is modest but growing, and they have excellent retirement plans through their employment. Someday they expect to be very comfortable financially.

**Charitable gifts  
yield major  
tax savings.**

For Jim and Susan, “someday” came much sooner than they ever anticipated—and not because their careers took off or their investments skyrocketed. It came because of an inheritance. There has been extensive research and much written in recent years about the enormous amount of wealth poised to pass from one generation to the next—anywhere from \$5 trillion to \$15 trillion.

This issue of the *Manley Society* newsletter is designed to address the way new wealth dictates new financial ground rules. Generally

this means developing new perspectives on spending, saving, investing, and giving.

## Your First Step: Get Good Professional Advice

Good advice from qualified lawyers, accountants, investment advisors, and other financial professionals is invaluable as you consider the following:

- **Income tax and investment planning.** The influx of substantial assets may dramatically alter your income-tax outlook, quite likely pushing you into higher brackets. The degree to which major new assets affect your income-tax situation depends to a great extent on how you use and invest those assets.

If your current level of cash flow is sufficient to support your desired lifestyle, there is little reason to select investments that will produce a lot of ordinary income that could be lost to income tax at a rate as high as 35%. Consider investing a substantial portion of your assets for capital appreciation or in tax-deferred vehicles.



On the other hand, capital appreciation in an investment such as stock is taxed only when sold at a profit—and then generally at the capital-gain tax rate of 15%.

Similarly, tax-deferred investments such as commercial variable annuities produce no taxable income until you receive a distribution or make a withdrawal.

**Caution:** Many tax-deferred investments (including retirement plans) carry substantial penalties if you make a withdrawal before you turn 59½. And these assets are not stepped up in value at death.

Millions of Americans have, or will, come into a significant inheritance.

▪ **Estate planning.** The more assets you have, the more you will need to be concerned about federal estate tax. Because of the dramatic changes brought about by Tax Relief 2001 and the current uncertainty about the eventual shape of the federal estate tax, a checkup of your will is now more important than ever. While the federal estate tax is repealed for 2010 and is scheduled to return in 2011, many experts believe it will be reinstated this year, perhaps with the 2009 exemption amount of \$3,500,000.

▪ **Establishing personal, family, and charitable financial objectives.** An inheritance may change the focus from “What do I *need from* my money?” to “What can I *do with* my money?”

Your first priority is to ensure your own financial security, now and in the future.

The next priority for most people is to determine what they can and should do for their families.

Once you have addressed these objectives, you can address charitable objectives to perpetuate your values.

## The Power of Giving

Ultimately, your assets will go to one or more of four possible places:

- To support your personal expenses during your lifetime;
- To your family and other beneficiaries during life and at death;
- To charity; and
- To the government as taxes.

Fortunately, there are numerous strategies to reduce the amount lost to taxes. It is somewhat ironic to realize that some of the best strategies for controlling the disposition of more of your assets involve giving some of them away—to your loved ones and to charity.

**Example:** Mary is in the 35% income-tax bracket. She makes a gift of \$10,000 to St. Lawrence. As a result, Mary pays \$3,500 less in federal tax this year. Her gift effectively allows her to control the ultimate use of additional assets equal to those tax savings.

Gifts to family members also can preserve more assets within the family unit.

**Example:** Bob and Helen are financially secure. In fact, they have more annual income than they can use, much of which is lost to federal income tax at the rate of 35%.

Their children, Carol and Steve, are just starting out in their careers. Bob and Helen decide to give them some investments that generate \$12,000 of income each year—income on which they would

otherwise pay \$4,200 in federal income tax. **Result:** Since both Carol and Steve are in the 25% tax bracket, they pay just \$3,000 in tax. The family is ahead by \$1,200.

**Reducing Gift and Estate Taxes.** As mentioned previously, you can currently give away up to \$1,000,000 of taxable lifetime gifts without incurring gift taxes. If the tax law changes as experts predict, the amount of testamentary gifts you can pass on without incurring estate tax will be \$3,500,000. If you exceed \$3,500,000, however, the tax will hit with a vengeance at 45%.

**Planning pointer:** Gifts from an estate worth more than \$3,500,000 to a spouse with a smaller estate let both spouses pass on the maximum amount tax-free and reduce overall tax. (**Note:** Gifts between spouses generally are not taxable for gift-tax purposes.)

Lifetime gifts to other family members can also generate savings on estate

and gift taxes. Each spouse can give up to \$13,000 per recipient each year free of gift tax, removing significant assets from a their taxable estate.

**Charitable Gifts Yield Tax Savings.** Charitable gifts generate dollar-for-dollar deductions for federal gift and estate taxes without any limitation on the total amount—and these deductions produce major tax savings.

**Example:** Ken dies in 2012 with a \$5,000,000 estate. His will includes a gift of \$1,000,000 to St. Lawrence, reducing the tax on his estate by \$450,000.

Ken was able to control the ultimate disposition of an additional \$450,000 through his charitable planning. This means the real “cost” of this gift to his heirs is not \$1,000,000 but rather \$550,000 (\$1,000,000 - \$450,000 tax savings).

Contact the Office of Planned Giving to discuss how charitable giving to St. Lawrence can become part of your philanthropic plans.



St. Lawrence established the Manley Society on June 1, 1990, to carry forward G. Atwood Manley's passionate commitment to his alma mater. The mission of the Manley Society is to ensure a St. Lawrence education for future Laurentians through deferred gift plans. The Society recognizes and thanks those alumni, parents, and friends who have planned a deferred gift for St. Lawrence, and encourages others to consider similar plans.

**Please send me the following:**

- Philanthropic Planner*
- Estate-Planning Organizer*
- Will a Gift-with-Income Plan Work for Me?*
- Suggested language to name St. Lawrence in my will or living trust

**Please send me information on:**

- St. Lawrence charitable gift annuities
- Charitable remainder trusts
- St. Lawrence Pooled Income Fund
- Retirement-plan gifts
- Deferred gift annuities
- Gifts of life insurance
- Retained life estates

**Please send me a gift annuity illustration based on the following:**

Amount of gift: \$ \_\_\_\_\_

Cash    Stock   Original cost \$ \_\_\_\_\_

First income recipient name:

\_\_\_\_\_

First income recipient date of birth: \_\_\_\_\_

Relationship:  Myself    Spouse    Other: \_\_\_\_\_

Second income recipient name:

\_\_\_\_\_

Second income recipient date of birth: \_\_\_\_\_

Relationship:  Spouse    Other: \_\_\_\_\_

**I have made a provision for St. Lawrence in my estate plan. Please enroll me in the G. Atwood Manley Society.**

**Although not required for membership in the Society, I would like to document confidentially the following information:**

The value of my provision is: \$ \_\_\_\_\_

Additional information regarding my provision:

\_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_

State: \_\_\_\_\_ ZIP: \_\_\_\_\_

Home telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

**Please contact me; I have questions.**

*Please fold and tape closed before mailing.*



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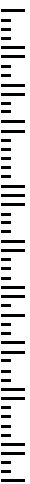
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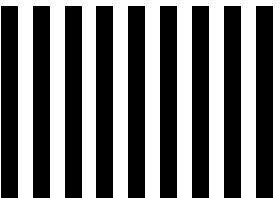
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Numerous estate gifts from alumni have endowed scholarships at St. Lawrence.

## Come See the Impact of Your Gifts!

Every year during Reunion Weekend, we host a luncheon for Manley Society members and those considering establishing a planned gift for St. Lawrence. This year the luncheon will be held on Saturday, June 5, in the Hannon Room of the Sullivan Student Center. Current students will join us to talk about their experiences on campus and what St. Lawrence means to them. It is a great way to hear from today's students and how they benefit from the philanthropy of Manley Society members. You do not need to be in a reunion year to attend, so please join us!



## Next Steps:

Are you wondering what your next best step is? Maybe you'd like more information, or maybe you'd like to speak to us directly. Here are a few options:

1

**Visit** us online at [www.stlawu.edu/manleysociety](http://www.stlawu.edu/manleysociety) to learn more about how you can help support St. Lawrence.

2

**Call** us at 800-379-9541 to find out how your gift to St. Lawrence will further our mission and help you achieve your personal and charitable objectives.

3

**E-mail** us at [manleysociety@stlawu.edu](mailto:manleysociety@stlawu.edu). We're happy to answer any questions you might have or send you more information.

4

**Join** the Manley Society Society. Contact us to learn more about being recognized for your generosity to St. Lawrence University.

The information contained herein is offered for general informational and educational purposes. The figures cited in the examples and illustrations are accurate at the time of writing and are based on federal law as well as IRS discount rates that change monthly. State law may affect the results illustrated. You should seek the advice of an attorney for applicability to your own situation.

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# Dear Friends,

I'm pleased to present the latest issue of the *Manley Society* newsletter. In this issue we discuss the challenges posed by inheritances and the opportunities to preserve wealth that charitable gifts can present. Our newsletter is designed to provide information about financial and estate planning as well as thoughtful charitable gift arrangements. Each issue features a different topic and includes a reply card that you can return to request further information.

If you are considering making a charitable gift to St. Lawrence University, we applaud your generosity and foresight. We will be happy to work with you to make sure your gift achieves your tax and financial goals as well as your philanthropic objectives.

I look forward to the opportunity to serve you.



Sincerely,

Anne M. Sibley '85

Director of Planned Giving

The image shows a screenshot of the Manley Society website. At the top, there is a navigation menu with links for 'Home', 'About St. Lawrence', 'Future Students', 'Current Students', 'Faculty and Staff', 'Alumni', 'Parents', 'Visitors', and 'U.S. Postage'. Below the navigation is a search bar and a list of links including 'About St. Lawrence', 'Admissions/Financial Aid', 'Art Gallery', 'Athletics', 'Bookstore', 'Calendar', 'Business Office', 'Giving to St. Lawrence', 'Libraries', 'Majors and Programs', 'President', 'Research Opportunities', 'Resources for Students', 'Student Life', and 'Technology'. The main content area features a large image of a young man reading in a library, with the text 'Please visit our Web site to learn more!' and the URL 'www.stlawu.edu/manleysociety'. Below this is a list of links: 'Manley Society Homepage', 'Request Information', 'Contact Us', 'Did You Know?', 'Memento St. Lawrence Ricks', 'OTI', 'Planned Gifts: Count in Campaign', 'Memento Faculty/Staff Campaign', 'Planning Your Inheritance', 'A Donor's Bill of Rights', 'Charity, Taxes and Gifts', and 'Donor Stories'. At the bottom, there is a box with the text 'Nonprofit Org. U.S. Postage PAID Indianapolis, IN Permit No. 6783' and the address 'G. ATWOOD MANLEY SOCIETY ST. LAWRENCE UNIVERSITY 23 ROMODA DRIVE, VILAS HALL CANTON, NEW YORK 13617'.

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