



THE ALLEGHENY PLANNER

A Guide to Financial and Charitable Gift Planning

Financially Savvy Year-End Strategies

In the closing weeks and months of the year, many charitably minded alumni consider making gifts to Allegheny. They want to help us accomplish goals such as meeting the growing need for scholarships or building our endowment.

Moreover, they have a great appreciation for the advantages to be gained from careful year-end planning.

For them, the key question is not **whether** to give, but **how best** to give.

The right answer to that question can transform a charitable gift into a powerful solution to your year-end planning goals. Simply writing a check may be the best strategy for meeting some of those goals; others require a more complex approach.

In this issue of the *Allegheny Planner*, we will help you identify ways to match your own planning objectives with your unique mix of assets to find the best way for you to help make an important difference at Allegheny. Depending on your age, here are some solutions to get the most from your year-end planning.



November 2009



Four Year-End Strategies

1 **GOAL:** Take advantage of a special opportunity set to expire this year.

SOLUTION: Transfer funds to Allegheny College from your IRA.

Charitably minded IRA owners have an opportunity to use some of their IRA funds to make charitable gifts without historic pitfalls because of special legislation passed in 2006. **This opportunity has been extended until December 31, 2009.**

If you are 70½ or older at the time you make your gift to us, you can transfer up to \$100,000 from an IRA directly to Allegheny this year without those funds being treated as a taxable distribution to you.

While IRAs are a substantial source of assets for many people and historically have been a logical source from which to fund charitable gifts, there

were potential negative tax consequences for doing so. This is because amounts withdrawn from IRAs were treated as taxable distributions to the account owner in all cases. **These negative tax consequences will resume in 2010!**

Act now to take advantage of this opportunity to make a tax-free transfer. It is especially beneficial if:

- You do not itemize deductions
- Your total giving exceeds the maximum deductible percentage of adjusted gross income allowed for 2009
- Your state law does not provide for a charitable deduction

2 **GOAL:** Generate more spendable income.

SOLUTION: Convert low-yielding CDs to a charitable gift annuity.

Many investors are discouraged to find that the rates they are being



Dan Shea, Director of the Center for Political Participation (CPP) and Associate Professor of Political Science, addresses the crowd at a CPP event. Many alumni have used planned gifts to support programs such as the CPP.

Sample Charitable Gift Annuity Rates			
ONE LIFE		TWO LIVES	
Age	Rate	Ages	Rate
55	4.8%	55–55	4.1%
60	5.0%	60–60	4.6%
65	5.3%	65–65	4.9%
70	5.7%	70–70	5.2%
75	6.3%	75–75	5.6%
80	7.1%	80–80	6.1%
85	8.1%	85–85	7.0%
90	9.5%	90–90	8.3%

offered to renew their maturing CDs are substantially less than what they had been paid on the ones coming due.

Many alumni who are committed to major support of Allegheny have found that our charitable gift annuities have some significant advantages over CDs, including:

- Higher payout rates
- Substantial income tax deductions
- Tax-free income

Our gift annuities pay income for life at attractive rates—determined by your age—and allow you to take a sizable charitable deduction for a portion of your contribution.

Example: Bill and Karen T, both 72, have been getting a 4.5% return on a \$50,000 CD. It will be maturing soon, and they are discouraged to learn that the renewal rate is just 2.25%.

They would like to make a meaningful gift to Allegheny and generate income, so they transfer the \$50,000 to us for a gift annuity that will pay them 5.3%, or \$2,650, each year as long as either of them is alive. Better still, almost \$1,780 of their annual income will be tax free for the balance of their life

expectancy. In addition, they are entitled to a charitable deduction of more than \$16,500, saving them more than \$5,775 in their 35% tax bracket.

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GOAL: Accelerate your estate gifts and generate tax savings.

SOLUTION: Give a remainder interest in your property.

Many alumni already have made plans to make substantial charitable gifts that take effect at death—a wonderful way to make larger gifts that may not be possible during their lives. These gifts also may generate significant estate tax savings—but only if an estate is large enough to be subject to federal estate tax. Currently, everyone is entitled to pass on \$3.5 million of assets free of federal estate tax. (Other taxes may be owed.)

Even if you won't benefit from estate tax savings, you can realize income tax savings by making gifts during your lifetime. One of the best ways to accomplish this—without disrupting your current lifestyle—is to give Allegheny the right to have your personal residence or farm at your death and retain what is known as a life estate for yourself.

Planning Pointer: Lower prevailing interest rates result in a higher deductible value for such a gift of a remainder interest, which means this is an excellent time to consider such a plan.

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Financial Planning for Different Life Stages

At various stages of our lives, we all deal with different issues, financial and otherwise. These stages of life need to be taken into account when planning your gift for Allegheny College.

Allegheny's Gift Planning Web site includes a Life-Stage Gift Planner that can help guide you through the financial strategies and possible charitable solutions to the taxing problems you may be facing.

At the site, some Allegheny alumni share their reasons for using planned gifts to support their alma mater.



Megan Murphy '88—"I plan to include Allegheny in my will because I want to leave a legacy to the place that means so much to me. By making a bequest, I want to ensure that future students and employees have the same opportunities to learn and grow at Allegheny as I did."

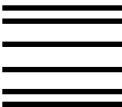


Richard and Ruth Irvin Stenberg ('69/'71)—"Both of us had good experiences at Allegheny, as did our daughter, Lindsay '08. We have supported Allegheny through the years with gifts to the Annual Fund, but we wanted to do something more. That's why we chose to name Allegheny as beneficiary of one of our retirement plans."

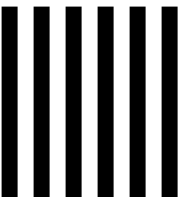


Bob Gibson '57—"I established several gift annuities at Allegheny because I receive income for the balance of my life, and I get the opportunity to give something back to Allegheny for all that I received from Allegheny."

Visit Allegheny's Gift Planning Web Site
at www.allegheny.plannedgifts.org



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Ms. Melissa Mencotti
Director of Gift Planning
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Meadville, PA 16335-3902





We'd like to hear from you.

- I already have included Allegheny College in my estate plans.
- I would consider including Allegheny in my estate plans.
- I would appreciate a call or personal visit.
I am interested in
 - bequests
 - gifts of real estate
 - life-income plans
 - gifts of stock/appreciated assets
 - the correct wording for including Allegheny in my will
- I would like a personalized gift annuity illustration:
 - _____ Birth date(s) of beneficiary(ies)
 - _____ Gift amount

DETACH HERE

Name

Class

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Address

City

State

ZIP

Home Phone

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(Please fold and tape closed before mailing.)

Make a Difference Through the

William Bentley Legacy Society

The William Bentley Legacy Society is a recognition society for those who have provided for Allegheny College through wills, charitable gift annuities and charitable remainder trusts. Some members have designated the College as a beneficiary of their life insurance or retirement assets.

Members of the William Bentley Legacy Society are recognized in the College's annual *Report of Gifts* and other publications (unless they prefer to remain anonymous).

To learn more about the William Bentley Legacy Society, please contact Melissa Mencotti at 814-332-5912 or melissa.mencotti@allegheny.edu or Julianne Weibel Foltz at 814-332-2735 or julianne.foltz@allegheny.edu or return the attached reply card.

Four Year-End Strategies ... *continued on page 5*

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GOAL: Protect your gain in stock investments.

SOLUTION: Give appreciated stock.

One of the best ways to lock in the full value of an appreciated investment is to use that stock to fund your year-end gift. **Here's why:** If you have owned a stock for more than one year, you are entitled to claim a deduction for its full market value. Even better, you do not have to recognize or pay tax on any of its gain in value.

If you sell appreciated stock and use the proceeds to make your gift, you still will get the same tax deduction, but you will face capital gain tax on any proceeds in excess of your purchase price.

Allegheny realizes as much benefit from a gift of stock as from a gift of cash. Because we are tax-exempt, we do not pay any tax on the gain if we sell the stock.

How Can We Help You?

Everyone's situation is unique. You may have additional questions about how some of these strategies might work for you—or you may have questions about how to make use of specific assets in your own planning. We welcome the chance to assist in that process and encourage you to call us, or return the attached reply card or visit our Web site to request complimentary information.

www.allegheny.plannedgifts.org

To learn more, contact:

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ALLEGHENY COLLEGE

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We advise you to seek your own legal and tax advice in connection with gift and planning matters. Allegheny College does not provide legal or tax advice. This communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.