

CHARITABLE REMAINDER ANNUITY TRUSTS

Donors' Situation

Mr. and Mrs. Jones, ages 65 and 62, have been making gifts to The Cooper Union over the years. They would like to continue to make charitable gifts, but would also like to increase their financial security during their retirement years. They own appreciated stock which they purchased years ago for \$100,000. The stock is now worth \$150,000 and pays them dividends of around 2% (\$3,000) a year.

Because of recent uncertainties in the stock market and the economy, they are interested in setting up a gift arrangement that will provide them with a fixed annual income (an annuity) that will not fluctuate over their lifetimes.

Suggestion

Transfer the stock to a Charitable Remainder Annuity Trust that will pay the donors a fixed amount of \$7,500 per year for the rest of their lives. After their lifetimes, the Trust principal will go to The Cooper Union.

Benefits to the Donors

- ✦ Increase income from \$3,000 to \$7,500 per year. This annuity amount will not change; they can rely on this source of income over their lifetimes.
- ✦ Get a Federal income tax deduction for their gift – approximately \$40,542 in their case.
- ✦ Avoid the capital gains tax on the stock they use to fund the Trust; the Trustee can sell their stock and reinvest with no capital gains tax penalty either.
- ✦ Accomplish their personal goals by increasing their financial security, saving taxes, and making a major gift to The Cooper Union.

THE SOCIETY OF 1859

Benefactors who include The Cooper Union in their financial or estate plans, contribute to the general endowment of the college, or establish a named endowment fund become members of The Society of 1859. Through their commitment, these donors help to ensure that the college will have the resources to provide full-tuition scholarships for all admitted students. Their permanent gifts and provisions for the college sustain the values of excellence and opportunity set forth in 1859 by Peter Cooper.

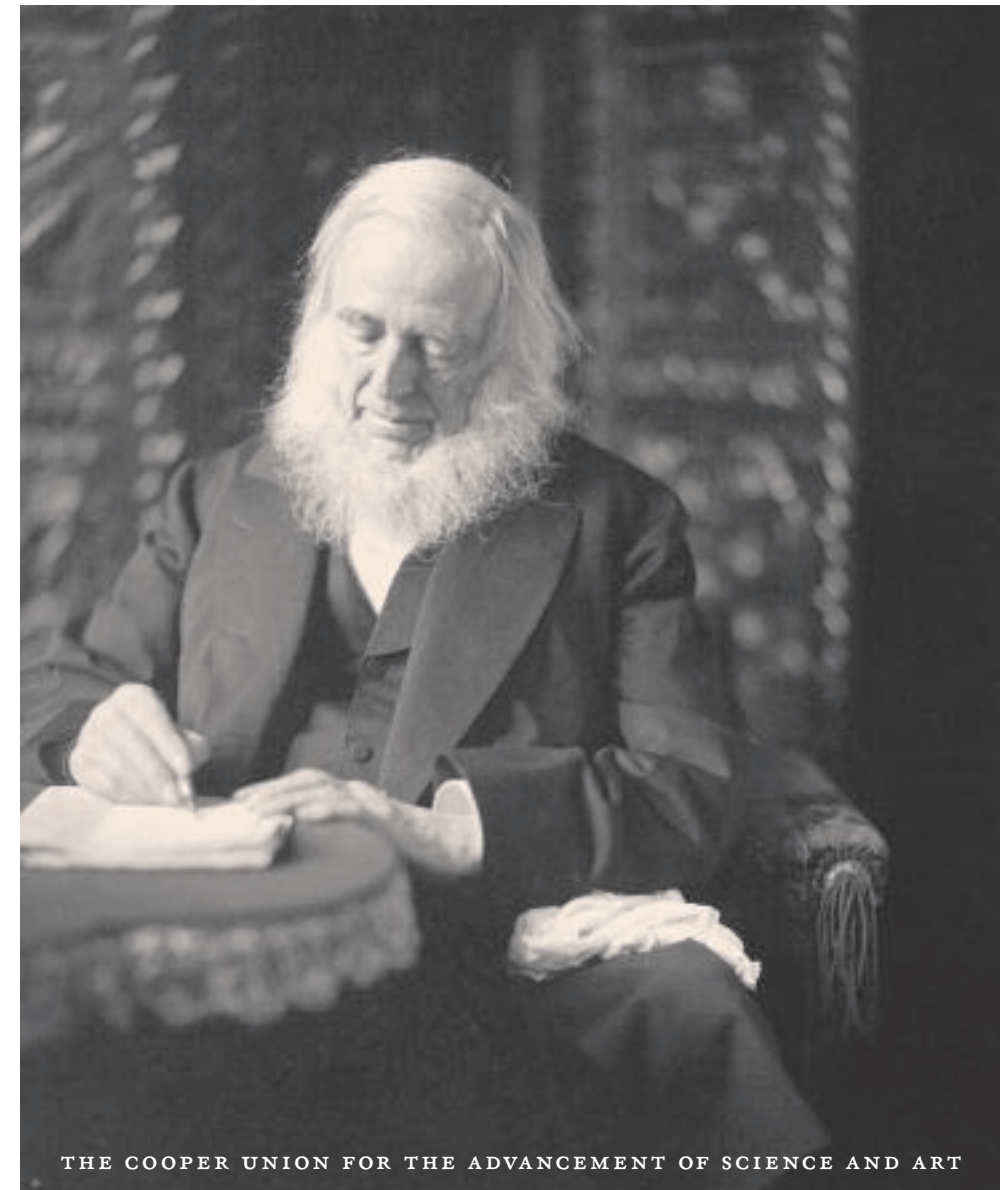
Members of The Society of 1859 receive The Society's signature pin, a testimonial certificate, and an invitation to an annual reception hosted by the President of Cooper Union.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

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Give to The Cooper Union
Get Income for Life

CHARITABLE REMAINDER TRUSTS



THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

THE
SOCIETY
OF
1859

Life Income Gifts

You can make a gift to The Cooper Union that will pay you income and generate significant tax savings. A life income gift can be especially attractive if you own low-yielding, highly appreciated securities and would like to earn higher income while reducing or avoiding capital gains taxes.

Charitable Remainder Trusts are among the most popular life income gifts. Here's how these arrangements work.

CHARITABLE REMAINDER TRUSTS

Through a Charitable Remainder Trust you can make a significant gift to The Cooper Union while providing income to yourself and/or another beneficiary for life – or for a specified number of years. Under this arrangement you irrevocably transfer assets (usually cash or stock) to a trustee of your choice, who will manage and invest the trust assets. The trustee will make regular payments to you, or to other beneficiaries you choose, for life or for a specified number of years. After the specified number of years or the lifetime of the income beneficiary, Cooper Union will receive the trust assets to support full-tuition scholarships, faculty positions, facilities or an academic program of the donor's choice.

The trust can be tailored to meet your needs and objectives, such as generating higher income from assets you currently own, building increased retirement income, or providing financial security for your loved ones. Some of the benefits of charitable remainder trusts include:

- + Annual income from the trust for yourself and/or other beneficiaries you designate.
- + Possibly increased annual income – if your trust is funded with low-yielding appreciated assets.
- + An income tax deduction in the year you establish the trust (for your gift to The Cooper Union).
- + Avoidance of capital gains taxes when you fund the trust with long-term appreciated assets.
- + Possible estate tax savings later on.
- + An important gift to preserve the future of Cooper Union.

There are two basic kinds of Charitable Remainder Trusts: The Charitable Remainder Annuity Trust, which pays the income beneficiary a fixed annual income, and the Charitable Remainder Unitrust, which pays the income beneficiary a variable income, hopefully an income that will grow over time. Charitable Remainder Unitrusts can also be used as retirement trusts. The kind of trust you choose will depend upon your individual circumstances and your personal, financial, and estate planning goals.

The Campaign for Cooper Union

CHARITABLE REMAINDER UNITRUSTS

FUNDED WITH APPRECIATED STOCK

Donors' Situation

Mr. and Mrs. Smith, ages 65 and 62, have been making gifts to The Cooper Union over the years. They would like to continue to make charitable gifts, but would also like to increase their financial security during their retirement years. They own appreciated stock which they purchased years ago for \$100,000. The stock is now worth \$150,000 and pays them dividends of around 2% (\$3,000) a year.

Even though the economy has been uncertain in recent years, the Smiths would like to set up a gift arrangement that will provide them with a variable income that, they hope, will grow over time, as the economy grows.

Suggestion

Transfer the stock to a Charitable Remainder Unitrust that will pay the donors a return of 5% per year for the rest of their lives. After their lifetimes the Trust principal will go to The Cooper Union.

Benefits to the Donors

- + Increase their income from 2% to 5% per year. This means that their income will increase from \$3,000 to \$7,500 in the first year. The income they receive from the Trust will be an amount equal to 5% of the fair market value of the Trust assets, revalued annually. If the Trust assets grow over time, their income from the trust will also increase. Conversely, if the Trust assets should depreciate, their income will also be reduced.
- + Get a Federal income tax deduction for their gift – approximately \$49,423 in their case.
- + Avoid the capital gains tax on the stock they use to fund the Trust; and the Trustee can sell their stock and reinvest with no capital gains tax penalty either.
- + Accomplish their personal goals by increasing their financial security, saving taxes, and making a major gift to The Cooper Union.

If you are interested in establishing a Life Income Gift or obtaining more information, please contact Michael Governor, Assistant Director for Special Gifts at 212.353.4172.

CHARITABLE REMAINDER UNITRUSTS

USED AS A RETIREMENT TRUST

Donors' Situation

Barry and Barbara Bellamy both enjoy challenging and rewarding careers. They are in their mid-50's and have high annual incomes. They have several planning objectives: build financial reserves for their retirement years; reduce income taxes now; make a gift to The Cooper Union.

Suggestion

Set up a special kind of Charitable Remainder Unitrust called a "Flip Trust" now, transferring \$50,000 per year, for 4 years (for a total of \$200,000) to the Trust. The donors will be entitled to an income tax deduction each time they add to the Trust.

Strategy

The Trust will be structured so that its assets will be invested for growth, and little or no income will be paid out to the donors during the early years of the Trust. However, when Barry reaches age 65, the Trust will "flip" to a different type of trust – a Standard Charitable Remainder Unitrust – that will pay out a percentage of the substantially increased value of the Trust assets each year for the rest of their lives. After their lifetimes, The Cooper Union will receive the Trust assets.

Benefits to the Donors

- + The donors are able to supplement their conventional retirement plans and increase their financial security for the future.
- + There is no limit on the amount that they can contribute to the Trust each year, so the donors can generate current income tax deductions when needed, and increase the trust principal on which the later payout will be based.
- + They can use appreciated stock or other assets to fund the trust, an option that is not available when funding an IRA or other qualified plan.
- + They also are able to make a meaningful gift to The Cooper Union.