



# UNIVERSITY OF KENTUCKY THE BENEFACTOR

ESTATE AND GIFT PLANNING NEWS



**Giving for Health**  
Study shows altruistic habits good for donors' health, ■3

## NEWSLINE



### Capital Campaign, Phase II: Dream • Challenge • Succeed

Hundreds of UK faculty, staff and students joined UK President Lee T. Todd Jr. and members of the National Steering Committee to celebrate the kickoff of the second phase of an ambitious campaign to raise \$1 billion for UK with a campus-wide picnic.

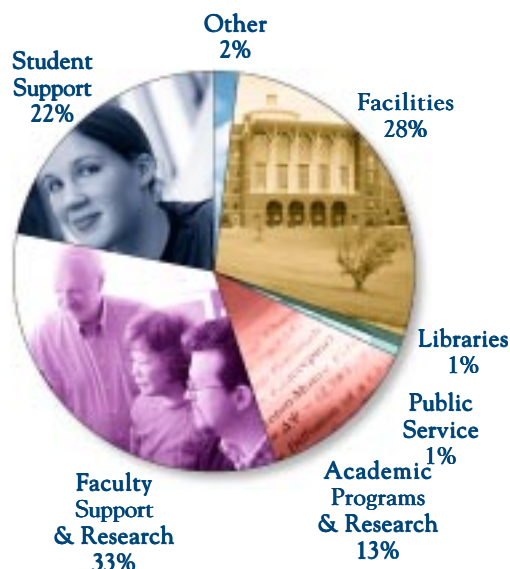
“Last year, UK celebrated the successful completion of its first capital campaign, having raised \$618 million,” said Todd. “Endowed chairs, professorships, fellowships and scholarships were established that now make it possible to recruit and retain the very best faculty and students at UK. But, there are still many dreams that can only be successfully realized through private funding.”

### Bequest Society

Create a lasting expression of your values through a planned gift. Contact us to learn how you can join our newest members below and make a difference today and forever.

- Pete and Marjorie Warner
- Jeffrey and Jeanne Suchanek
- Dr. Helen Thacker Hill
- Raymond K. Flege

### Dream • Challenge • Succeed Campaign - Goals for Additional \$400 Million



## Meeting Needs - Both Physical & Financial

### Retired UK Surgeon and Wife Support University and Community with Bequest

By Kristin Crusier  
Office of Development

“Because the University needs it.” That’s the first response from Dr. David Stevens when asked what motivated him and his wife, Sally, to become involved in giving to the University of Kentucky.

Of course, there are many additional reasons this couple have chosen to give

to the University and the community. Dr. David Stevens, an orthopaedic surgeon, became involved with the University of Kentucky Medical School at its inception—in 1960, the school’s first year, as volunteer faculty. He later became permanent faculty at the medical school, and in 1980 was put in charge of the Shriner’s Hospital in Lexington. Sally Stevens has worked in the UK Hospital gift shop for many years, providing a different kind of support to patients and their families.

The Stevens felt that giving back to the university community was important to the future of the institution. They had been supporters of several UK programs for many years when, in 1997, they decided to include a bequest in their estate plan. Recognizing the increasing costs incurred by students wanting to enter medical school, they chose to establish the David B. Stevens Medical Scholarship Fund through their bequest. Notes Dr. Stevens, “The overpowering need for funding can make a difference in [students’] choice of careers. I would like to see everyone give more to medical scholarships.”

The planned gift established by the Stevens will enable future medical students to reduce the amount of debt they incur during training, which currently runs into the hundreds of thousands of dollars, and which frequently requires decades of practice to pay off.

But the Stevens didn’t stop with that gift. At an annual scholarship dinner recognizing scholarship donors and recipients, they realized that they wouldn’t have an opportunity to actually meet the beneficiaries of their bequest. They decided to fund a medical scholarship endowment for current students. They continue to support favorite causes, including the library, fine arts, the arboretum, and of course, the UK Wildcats.

Despite retiring, Dr. Stevens, now a professor emeritus, continues to be active in the medical school. He is even helping out with Anatomy classes this semester. In addition, he and Mrs. Stevens remain highly supportive of the community. He is involved with Lexington-Fayette Urban County Government, recognizing the need for development in Lexington. Mrs. Stevens is a past president of the Friends of the Arboretum, and Dr. Stevens will be chairing the committee to lead next year’s fund drive for the Arboretum. The couple also stays busy with travel.

Regarding their involvement with the university and community, Dr. Stevens says, “Lexington has been good to my family, so we wanted to give back.”



### Legal Language

The following is suggested language to consider in making a bequest in your will to the University of Kentucky.

#### GENERAL BEQUEST

I, (your full name), of (city, state) bequeath to the University of Kentucky, located in Lexington, Kentucky, the sum of \$\_\_\_\_\_ (or property described herein) to be used by (college, department, etc.) for the following purpose: (scholarship, professorship, undesignated, etc.).

#### RESIDUAL BEQUEST

I, (your full name), of (city, state) bequeath all the rest of my estate (or percent of the remainder of my estate \_\_\_\_\_%) to the University of Kentucky, located in Lexington, Kentucky for the following purpose: (scholarship, professorship, undesignated, etc.).



## Moneyline

### A Bequest Can Take Many Forms

There are a number of different ways to provide for the University in your will. Certainly, the most common method is to bequeath a specific dollar amount to us. For example, a friend may direct, in her will, that \$100,000 be paid to the University of Kentucky at her death.

On the other hand, you may find it more advantageous to direct that a percentage of the value of your estate (*e.g.*, 10% of the net value of your estate) be paid to us at your death. With a percentage-of-value bequest, we will share in increases or decreases in the value of your estate.

Of course, you can bequeath almost any type of property (*e.g.*, stocks, bonds, royalties, a residence or other real estate) to UK. In some cases, a bequest of property can have unique tax advantages for both your estate and your beneficiaries. In all cases, a bequest of a specific property would be uniquely helpful to our mission.

Another alternative would be to bequeath all or part of your “residuary estate” to us. This ensures that we will receive all or part of whatever is left in your estate after all prior bequests have been satisfied.

#### Contingent Bequests to UK

One hallmark of a thoughtful and practical will is anticipating the improbable by naming contingent beneficiaries. For example, an individual may bequeath \$100,000 to his brother and then name one or more “contingent beneficiaries” to take the bequest if the brother is not living or refuses the gift at the time of the testator’s death. Persons who feel that they cannot afford to make an outright bequest to the University of Kentucky because of family needs and objectives may want to name us as a contingent beneficiary of all or part of their estate.

#### Planning a Deferred Bequest

There’s another alternative that you may want to consider. A bequest to us can be deferred, so as to permit the payment of income or other benefits to another beneficiary for life or for a period of years. For example, you can bequeath money or property to a special kind of trust. The trust agreement can direct the trustee to hold and invest the property and to pay an annual income to a family member for as long as he or she may live. The property will be distributed to us only after the death of the family member. Such an arrangement may be ideal for providing support to an elderly relative or a beneficiary who lacks financial management skills.

**60% of People Die Without Wills**



## Your Will, A Happy Or Sad Ending? It Depends On You

The reading of the will... A lawyer sits behind a large desk holding papers that will determine the future of anxious friends and family gathered in his office.

Dramatically, he reads each bequest out loud, from the smallest to the most significant. Frequently, the characters are either pleasantly surprised or highly disappointed with their inheritance.

Life often imitates art. Many times, beneficiaries are disappointed with how a loved one provided for them in their estate plan. Worse yet, too many beneficiaries discover that their loved one failed to plan at all. Regrettably, this may mean that surviving family members, friends and valued charitable organizations will not receive needed or intended funds.

#### A Tale of Two Brothers

To illustrate this point, consider the Hampton brothers, Phillip and Charles.

Over the years, Phillip’s attorney encouraged Phillip to make a will. His attorney reminded Phillip that if he died without a will, state law determines how his estate is distributed. But, Phillip had every excuse in the book... “My estate is not big enough to worry about making a will”... “My wife will get everything anyway”... “I’ll wait until I’m on my deathbed.” Unfortunately, Phillip passed away without ever making a will.

Here’s what happened to Phillip’s estate. According to state law which comes into play absent a will, his estate was distributed equally between his surviving wife and his children. Distributions were not based on financial need or how much Phillip valued a relationship. And, no provisions were made for special friends, extended family members, or charitable organizations that played such an important role during Phillip’s life. Moreover, Phillip failed to structure his estate to save on taxes and administrative expenses. This reduced the size of his estate, compounding the woes of an unintended distribution.

By comparison, Charles proved to make a very wise decision when he followed a friend’s advice and worked with an attorney to draft his will. He also took the time to discuss his decisions and arrangements with his family. Upon his passing, most of his estate went to his surviving spouse. But, he also made special provisions for two nieces, a disabled friend, and his favorite charitable organization. Charles ensured the financial well-being of the people — and the charity — that meant the most to him. Moreover, he maximized the value of what he provided to his heirs by minimizing the impact of estate taxes and administrative expenses. Charles left a caring and compassionate legacy for all of his loved ones.

#### Why a Will Is So Important

Making a will is one of the most important decisions you will ever make. Yet, according to various estimates, about 60 percent of people die without a will — what the law refers to as intestacy. Under the laws of intestacy, the state in which you reside distributes your estate according to a fixed, statutory formula. Undoubtedly, the end result will not be in exact accord with your wishes. Unintended relatives may share in your estate. Friends and charities will be excluded since the state has no way of making these determinations.

Think about it. Without a will, you yield to the state the right to decide how your estate is distributed. You waive the right to make meaningful personal and charitable bequests, to make a personal statement, and to leave behind a lasting legacy.

A thoughtfully drafted will reflects what you value in life, and how you want to be remembered. It is an opportunity for you to ensure that family members, friends or favorite charitable organizations will continue to receive the financial support you have provided during your lifetime.

Before drafting your will, take time to consider carefully the goals and needs you want to fulfill. Each family is unique. So, determining what to bequeath — and to whom — involves major and sometimes difficult decisions. But these decisions need to be made consciously by you, and not left to the state by default.

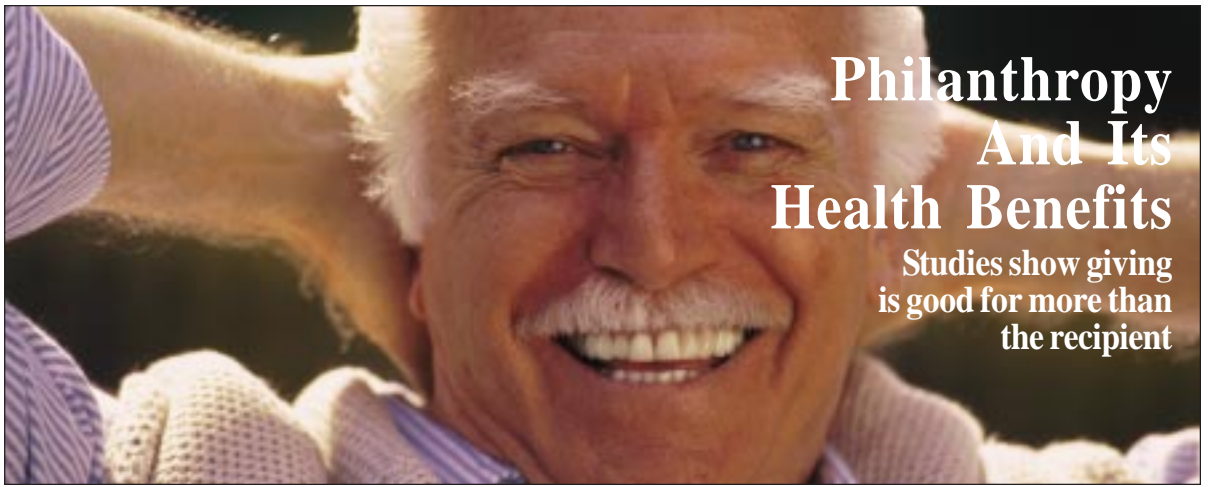


*“Now read me the part again where I disinherit everybody.”*



# Life

PAGE 3



## Philanthropy And Its Health Benefits

Studies show giving is good for more than the recipient



## Giving Benefits Your Health

Giving not only helps others. It's good for you too. In *Psychology Today*, heart specialist Dr. Herbert Benson states, "For millennia, people have been describing techniques on how to forget oneself, how to experience decreased metabolic rates, lower blood pressure, lower heart rates and other health benefits. Altruism works this way, just as do yoga, spirituality and meditation."

One of the best-known studies regarding the benefits of altruism was reported by psychiatrist George Vaillant in his 1977 book, "Adaptation to Life," which was based on a 30-year study of a group of Harvard graduates. Observing which men were healthy or ill by the time they reached their fifties and comparing this with the attitudes they lived by, Vaillant concluded that adopting an altruistic lifestyle is a critical component of mental health.

### What Gift Is Right For You?

#### Testamentary Gift Annuities

A bequest to UK can be deferred, so as to permit the payment of income or other benefits to another beneficiary for life or for a period of years. For example, you can create a testamentary gift annuity. You can bequeath money or property to us on the condition that we use the bequest to make lifetime annuity payments to a family member. The idea, of course, is to use a single property or fund to both provide lifetime security for family members and a benefit for UK.

Most gift annuities are completed during the life of the donor. But you also can make a bequest to our program and direct that an annuity be paid to a designated beneficiary for his or her lifetime, or that payments continue for a second beneficiary. If you intend to make such a bequest, please tell us so that we understand how you want the annuity to be paid. This option underscores the flexibility of our programs.

#### Gifts of Retirement Assets

More and more astute donors are now using retirement assets in their charitable gift planning. The reason is that retirement account assets left to family members (other than your spouse) may be subject to higher taxation than other assets. By using retirement assets to fund your charitable bequest—and leaving other assets to family members—you may be able to

### Sample Gift Annuity Rates

Single Life		Two Lives	
AGE	RATE	AGE	RATE
65	6.0%	62-65	5.6%
70	6.5%	65-68	5.7%
75	7.1%	70-72	6.0%
80	8.0%	72-75	6.2%
85	9.5%	77-80	6.7%
90	11.3%	82-85	7.5%

NOTE: Charitable gift annuity rates are subject to change. Please call our office for the latest rates, or for the rate of your actual age(s).

NOTE: Rates are even higher if payments are deferred.

reduce taxes that otherwise would be imposed on those assets that have grown tax-free...and leave more to your intended beneficiaries. Legislation now pending may make it possible for donors to make tax-free direct rollovers from their individual retirement accounts (IRAs). The legislation, often referred to as CARE (the Charity Aid, Recovery and Empowerment Act) is pending in Congress. Stay tuned for its possible passage. We will be happy to provide you with the details.

### How Long Can You Expect To Live?

If you retire in your early sixties, you can expect to live another 25 to 30 years. If you are already 70 and are in reasonably good health, your life expectancy is 15 to 20 years. With advances in medical technology, those life expectancies are expected to increase.

However, retirement assets will have to stretch over a much longer period of time. Now, since it is common for the number of retirement years to be one-half of the number of working years, those who retire while still in their fifties may actually spend more years in retirement than they did working. With all of these years stretching ahead of you, it is critically important to make sure your money lasts as long as you do. See the box at right for two ways to ensure that you and your loved ones never run out of money.

## Small Talk With Dion & Renee

### Don't Overlook These Important Points

Dion Guest, J.D. & Renee Mussetter, J.D., Office of Development

#### When Considering a Charitable Bequest:

Always use an attorney to draft or amend your will to include a charitable bequest. As attorneys on staff in the UK Development Office, we can help you and your legal counsel with the appropriate language.

If you restrict the use of your bequest, make the restrictions as general as possible. Forever is a long time, and the programs and services we are called upon to provide may change dramatically. Too many restrictions may make it difficult to carry out your wishes or to make your gift as beneficial as you intended.

Review with your financial advisors the ownership of your various assets. Not all assets pass under your will. Assets such as life insurance and pension plans are distributed according to beneficiary designation. Real estate and other property that is jointly owned with rights of survivorship also pass outside your will. Your will needs to be integrated into an overall estate plan so that the proper assets are used to make your charitable bequest.

Review your will periodically. Circumstances change. So do tax laws, which may influence the assets you select to make your charitable bequest. Remember, your will only reflects your intentions at the time you write it.

Discuss your charitable bequest intentions with your heirs. The process of settling your estate will go more smoothly if your heirs are aware of your desires and your reasons for supporting our work.

Make certain your attorney uses our exact legal title when drafting your charitable bequest. This avoids any possible confusion with other charities with similar names. Our exact legal name is **The University of Kentucky**.



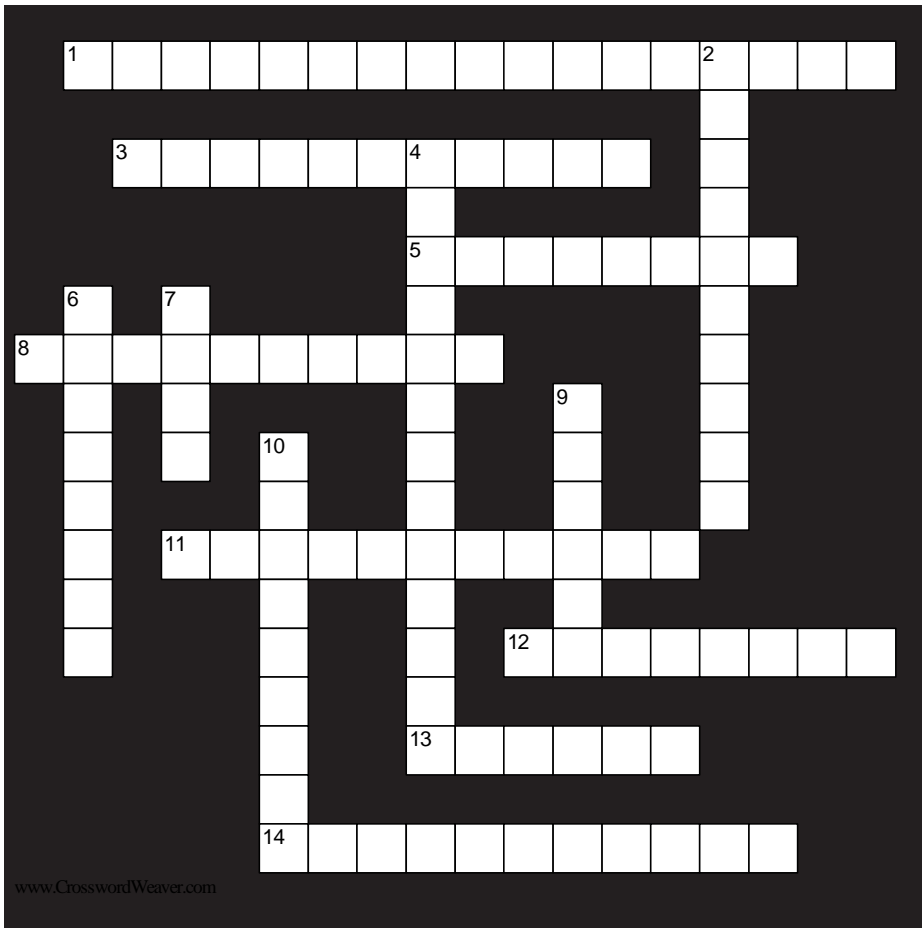


# Misc.

PAGE 4



The William T. Young Library on the UK campus will serve present and future generations of students.



## BEQUEST QUEST

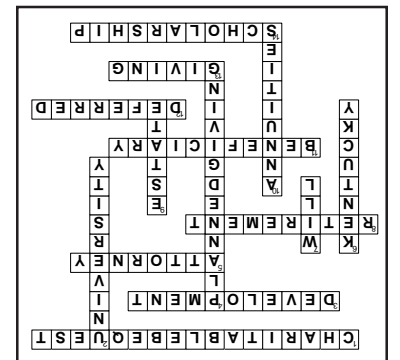
### Across

- 1 Something that is bequeathed; a legacy to a specified beneficiary. (two words)
- 3 An organization dedicated to the furthering of an academic or other institution.
- 5 Lawyer
- 8 Withdrawal from one's occupation, business, or office.
- 11 The recipient of funds, property, or other benefits, as from an insurance policy or will.
- 12 Put off; postponed.
- 13 Sharing; bestowing; allotting.
- 14 A grant of financial aid awarded to a student, as for the purpose of attending a college.

### Down

- 2 An institution for higher learning.
- 4 Touching the future by preparing today. (two words)
- 6 The Bluegrass State
- 7 Where there is a \_\_\_\_\_, there is a way.
- 9 The whole of one's possessions, especially all the property and debts left by one at death.
- 10 Contracts or agreements by which one receives fixed payments on an investment for a lifetime or for a specified number of years.

Solution:



www.CrosswordWeaver.com

All content is for illustration purposes only. Individuals should consult their own financial/legal advisors for specific advice regarding their own situation.

<http://www.uky.edu/development>

A periodic publication of the University of Kentucky Development Office, 100 Sturgill Development Building, Lexington, Kentucky 40506-0015.



FIRST CLASS MAIL  
U.S. Postage PAID  
LEXINGTON, KY  
Permit # 51