Consider the benefits of year-end giving

The end of 2013 is coming quickly. Think of the remaining days of the year as your chance to make sure your assets are working for you as hard as they possibly can, especially if you own appreciated property or low performing certificates of deposit, stocks or bonds. With just a little planning, you can enjoy tax and other benefits by assisting the University of Kentucky with a gift prior to December 31.

Consider the following options:

**Outright gifts**

Cash: Gifts conveyed via cash, checks and credit cards are all considered cash gifts. These gifts offer a simple and convenient way to support the University of Kentucky and are deductible up to 50 percent of your adjusted gross income.

Securities: Stocks and bonds fall into this category. Income tax deductions are available for the fair market value of donated securities rather than their cost basis. Giving securities that have increased in value is a beneficial way to assist the University while bypassing the capital gains tax that would be due if you simply sold the specific security. Gifts of appreciated securities can be tax deductible up to 30 percent of your adjusted gross income.

**Life income gifts**

Charitable gift annuity: This is a simple contractual agreement between you and UK. You make a gift of cash or securities to the University, and you receive guaranteed fixed payments for life as well as an income tax deduction for the year in which you convey the gift. Your payment is based on your age and the amount of the gift. The University of Kentucky will hold the gift and invest it to generate income for you. At some point in the future, you will receive the principal amount of the gift, or the gift will be used to create a scholarship for students or another purpose you designate. This is a great option for those who want to receive income during their lifetime and also make a charitable gift.

Charitable remainder trust: With this arrangement, you transfer cash or other assets to a trust and receive income back for your lifetime or for a pre-determined number of years. Upon completion, the remaining value of the trust is distributed to the University for a purpose you designate. You receive an income tax deduction for the year in which you establish the trust, and if appreciating property is used to create the trust, capital gains taxes are avoided when the property is sold.

UK’s gift and estate planning officers are available to assist you in maximizing the benefits of these and other year-end giving options.

**UK alumnus impacts future generations of students with a bequest for scholarships**

“It’s amazing how many lives can be transformed by the foresight and generosity of one person,” observes Mike Richey ’73 ’79, UK Vice President for Development.

“As a result of a philanthropic decision Jack Denton ’49 made several years ago, students are pursuing their academic dreams at the University of Kentucky today. And because of the endowed scholarship that Jack funded for perpetuity, his generosity will impact students forever.”

John W. (Jack) Denton grew up in rural Mason County and served in the U.S. Army during World War II. He graduated from the University of Kentucky in 1949 and taught high school until 1954 when he joined New York Life Insurance Company for a career which spanned over 50 years. For most of his tenure with the company, he held various management positions, often heading up major regional offices in different U.S. cities.

“He was the very first person in the family to graduate from college,” notes his nephew, Dr. William P. Denton ’78 ’83 of Brandenburg. “He set personal goals for himself and was always achieving them. His experience at UK helped him follow through with his goals, and helped him see opportunities.”

Jack Denton died in 2010, and was preceded in death by his wife of 53 years, Enid Goodpaster Denton, originally from Fleming County, and their only child, John Louis (Jackie) Denton, who died in an automobile accident while attending the University of Kentucky.

“I had the privilege of knowing Jack and working with him and his attorney to establish a bequest in his will to create the Enid and Jack Denton Endowed Scholarship Fund to assist deserving students from Mason and Fleming Counties,” Mike Richey shares. “Jack valued his education at the University, and wanted to make sure that young people from his home area could have the same educational opportunity which he had experienced.”

The scholarship was funded with a bequest of nearly $650,000, and over the past two years, it has provided substantial grants to 10 different students.

> Allison Landreth, a nursing major who wants to work in pediatrics or labor and delivery as her career goal, is also the mother of twins. “This scholarship has helped relieve some of the financial burden that comes with pursuing a college degree,” she shares.

> Briana Lester is a biology major who aspires to attend medical school and become a family physician. “I appreciate this scholarship very much,” she says.

> Whitney Jones is studying to eventually become a family nurse practitioner. She observes, “I feel blessed to have received this generous scholarship for multiple years. It has helped me greatly.”

Another student recipient confides, “The Denton scholarship means another year of school I can attend.”

Mike Richey notes further, “Through these student recipients and many others to come in the future, Jack’s transformative gift will not only have a positive impact on individual lives, but it will also benefit the Commonwealth. We are deeply grateful for Jack’s generosity. A bequest to the University of Kentucky is a wonderful way to extend the memory and influence of individuals like Enid and Jack Denton. Bequests comprise the cornerstone of our philanthropic efforts on behalf of the University.”
To learn more about how you can roll over a taxable distribution from your IRA and potentially reduce your 2013 taxes, contact the UK Office of Gift and Estate Planning when this option expires. Your gift could be $1,000, $10,000, $50,000 or even $100,000.

To make an IRA rollover gift, simply contact your IRA plan custodian and request that an amount be transferred to the University of Kentucky by December 31, 2013, rather than tapping into your bank account this year.

Various ways to give to the University are summarized in this publication. Each gift option offers you a way to structure your philanthropy to make the greatest impact at the University, while at the same time achieving your own personal financial objectives. And each type of gift highlighted in these pages can be accomplished at calendar end to maximize tax savings in 2013.

A special window of opportunity remains open
An extraordinary gift option is available through December 31. Congress has extended the IRA charitable rollover until the end of 2013. If you are age 70½ or older, you can make a gift of any amount up to $100,000 from your IRA to a charitable institution such as the University of Kentucky. Your gift will qualify for your 2013 required minimum distribution. You will not have to pay federal income tax on the amount given from your IRA. And your gift can be directed to a program or project of your choice at the University.

A new giving option offers great flexibility
I am pleased to announce that you can now establish a UK donor advised fund by gifting an asset such as cash, securities, closely-held stock or real estate. You will receive a charitable income tax deduction based upon the fair market value of the gifted asset, and distributions are made from your donor advised fund when you specify University of Kentucky programs – and other charitable organizations – to receive grants. It is therefore possible to establish a UK donor advised fund to obtain tax advantages for 2013, and then decide in the new year how to allocate your gifts.

Let us assist you in fulfilling your philanthropic dreams
Regardless of which type of gift you choose, you can be assured that your support will help the University enhance the quality of life for citizens of the Commonwealth and beyond. For assistance in planning your special year-end gift, contact the Office of Gift and Estate Planning. Our qualified and experienced gift officers can provide you with more information without obligation. Help is just a phone call, email or business reply postcard away. But hurry. December 31 is right around the corner!

Sincerely,

D. Michael Richey 73 79

Reduce your 2013 taxes with an IRA rollover gift
As part of the fiscal cliff law, Congress reauthorized the IRA rollover for 2013. This means that if you are 70½ or older, you can make a charitable gift of up to $100,000 this year from your individual retirement account. Your gift will qualify for your 2013 required minimum distribution, and you will not have to pay federal income tax on the amount given from your IRA.

If you are like many individuals, your IRA has increased in value over the years and you may have more income than you need. The IRA rollover gift is a simple and easy way to provide for the University of Kentucky while not increasing your taxable income.

Here are some of the ways you can benefit from an IRA rollover gift this year:

Reduce your taxable income
By rolling over some or all of your required minimum distribution from your IRA to the University of Kentucky, you can reduce your taxable income for 2013.

Lower your Social Security tax: Reducing your taxable income with an IRA rollover gift may also reduce the tax due on your Social Security payments.

Avoid IRA tax limits: IRA rollover gifts may be made over and above the normal cash gift limit which is 50 percent of your adjusted gross income.

Enjoy charitable gift benefits: Even if you do not itemize your deductions, you can still benefit from the reduction in income and tax resulting from an IRA rollover gift.

Make a major gift: Your IRA may be the largest asset in your estate. If you wish to make a larger gift to the University of Kentucky, you can make that gift from your IRA rather than tapping into your bank account this year.

Give to the UK program of your choice: IRA rollover gifts may be designated to benefit individual colleges, scholarships and programs within the University.

To make an IRA rollover gift, simply contact your IRA plan custodian and request that an amount be transferred to the University of Kentucky by December 31, 2013, when this option expires. Your gift could be $1,000, $10,000, $50,000 or even $100,000.

To learn more about how you can roll over a taxable distribution from your IRA and potentially reduce your 2013 taxes, contact the UK Office of Gift and Estate Planning.
Organize your charitable giving through a UK donor advised fund

A UK donor advised fund offers you a flexible and easy-to-establish vehicle for charitable giving. Through it, you can make gifts not only to the University of Kentucky, but also to other worthy organizations in your local community and beyond.

A UK donor advised fund is like having your own foundation, and through it, you can organize your philanthropic support. However, a UK donor advised fund offers advantages over private foundations such as lower administrative, legal and accounting costs. And because the University’s donor advised fund program is being administered by a public charity, contributions to a UK donor advised fund receive more favorable tax treatment than that afforded to a private foundation.

Funding options: A donor advised fund can be established at the University of Kentucky by gifting cash, securities, closely-held stock, real estate or most other types of assets. You can also designate your UK donor advised fund as the beneficiary of life insurance, a will provision or retirement account assets. You can likewise transfer into your UK donor advised fund assets which are currently held by your private foundation or commercial donor advised fund.

Tax benefits: You will receive a charitable tax deduction based upon the fair market value of the gifted assets for the year of the contribution to establish your UK donor advised fund. If you cannot fully utilize the deduction, it can be carried forward for up to five years. You can also avoid capital gains tax on gifts of appreciated assets, and remove assets from your taxable estate.

Grant making: Distributions from your UK donor advised fund are made when you specify charitable organizations to receive grants. The University has partnered with the Bluegrass Community Foundation, a 501(c)3 public charity located in Lexington, Kentucky, to facilitate and process grants from UK donor advised fund accounts. The Bluegrass Community Foundation will oversee the payments and ensure that all the administrative record keeping and tax reporting is complete.

Investment of assets: You can designate your own investment advisor to manage your UK donor advised fund assets, or they can be managed by professional investment advisors retained by the Bluegrass Community Foundation.

Philanthropic support: A fixed portion of your contributions and accumulated income in your UK donor advised fund must ultimately be gifted to the University of Kentucky or to one or more of its many colleges and programs. With the remaining portion of your UK donor advised fund, you can choose to support other charities such as religious institutions, community and cultural projects, and county-based agricultural extension and education efforts.

Flexibility: Through your UK donor advised fund, you can make lump-sum grants to charitable organizations, give a recurring fixed percentage or amount to one or more organizations; change your programs of support each year, or allow your fund to grow over a period of time and then activate your philanthropic giving. There are no minimum annual distribution requirements.

Simplicity: Organizing your giving through a UK donor advised fund can simplify your philanthropic support. You will have no checks to write, and your UK donor advised fund will keep track of your investment performance and grant-making activity which you can review through a secure log-in platform. You can also submit grant proposals using the same online process.

Family involvement: A UK donor advised fund can enable families to carry on a legacy of philanthropic support. You can designate successor advisors to your UK donor advised fund, such as children and grandchildren, and provide resources for family members to benefit their communities and help the University of Kentucky accomplish its historic mission in significant new ways.

You are invited to explore the benefits of establishing a donor advised fund at the University of Kentucky with one of UK’s qualified and experienced gift and estate planning officers. Contact them today for more information without obligation.

Give appreciated property to avoid capital gains tax

If you are like many individuals, the value of your stock and other investments has grown over the years. Perhaps you are wondering how you can turn your highly appreciated assets into extra income.

You may also be concerned about the mounting capital gains taxes due. If you sell your stock in today’s market, you will forfeit a portion of the proceeds to taxes and that means less cash for you.

For these reasons, a gift of appreciated property can be beneficial to you and to the University of Kentucky.

By transferring your stock to the University today, you can enjoy the benefits of tax savings on this year’s return. In addition to your charitable deduction, you will avoid paying capital gains tax that would otherwise be due on the sale of your appreciated investments.

You also have the option of using your underperforming assets to create a life income agreement at the University of Kentucky. Benefits can include:

- Secure, increased income for life
- A charitable income tax deduction for the current year
- Reduction or even bypass of capital gains tax
- Tax-free income
- A future gift to the University supporting a program you select

There are multiple agreement options available which can help you achieve your goals for tax savings and produce a guaranteed income for life.

To learn more about using appreciated property to make a tax-wise gift to the University, contact the UK Office of Gift and Estate Planning.

The University’s gift planning experts can assist you in customizing the plan that will be most advantageous for you and your unique situation. They can also provide you with a personalized illustration with your rate and potential income for a life income agreement.

You are cordially invited to become a member of the Society of 1865. This special recognition program honors donors providing future provision for the University of Kentucky.

Named to commemorate the University’s founding in 1865 by a group of visionary Kentuckians, the Society of 1865 recognizes individuals who are leaving legacies at the University through a bequest, charitable gift annuity, life insurance policy, retirement plan, testamentary or life income trust, or life estate in a residence or farm.
Establish a charitable gift annuity now to provide for the future

A charitable gift annuity is a simple contractual agreement between you and the University of Kentucky. You make a gift of cash or securities to the University, and you receive fixed payments for life as well as an income tax deduction for the year in which you establish the gift annuity.

The payments are based on your age and are often higher than rates available through commercial certificates of deposit. The gift annuity payments are guaranteed for the rest of your life and do not fluctuate with the economy. The benefits include a fixed payment for yourself (or yourself and another individual, if you choose), partial tax-free income and a charitable gift deduction on your current federal tax return.

It is possible to establish a deferred charitable gift annuity, taking your charitable deduction in the current income tax year and receiving payments at a designated future date. It is also possible to maintain a flexible future date to begin receiving payments. The deferred charitable gift annuity is a good option if you are currently in your peak income years and need the tax deduction now, but want to defer the gift annuity income into the future when you expect your earnings and tax liability to be less.

Charitable gift annuities are simple yet full of options. Whether you want payments now or in the future, a gift annuity can be an integral and powerful ally in your planning. It can supplement your retirement or simply add a little extra to your yearly income.

UK’s gift planning officers are available to assist you with more information. You can also access a charitable gift annuity planner online at http://uky.giftlegacy.com that will show you what your payment rate and tax benefits might be. Select “Gift Options” from the navigation menu, and click on “Charitable Gift Annuity” to launch the planner. It takes just a few moments. It’s easy and there is no obligation.

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate</th>
<th>Age</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>5.1</td>
<td>81</td>
<td>7.0</td>
</tr>
<tr>
<td>71</td>
<td>5.3</td>
<td>82</td>
<td>7.2</td>
</tr>
<tr>
<td>72</td>
<td>5.4</td>
<td>83</td>
<td>7.4</td>
</tr>
<tr>
<td>73</td>
<td>5.5</td>
<td>84</td>
<td>7.6</td>
</tr>
<tr>
<td>74</td>
<td>5.7</td>
<td>85</td>
<td>7.8</td>
</tr>
<tr>
<td>75</td>
<td>5.8</td>
<td>86</td>
<td>8.0</td>
</tr>
<tr>
<td>76</td>
<td>6.0</td>
<td>87</td>
<td>8.2</td>
</tr>
<tr>
<td>77</td>
<td>6.2</td>
<td>88</td>
<td>8.4</td>
</tr>
<tr>
<td>78</td>
<td>6.4</td>
<td>89</td>
<td>8.7</td>
</tr>
<tr>
<td>79</td>
<td>6.6</td>
<td>90+</td>
<td>9.0</td>
</tr>
<tr>
<td>80</td>
<td>6.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: The rates are for ages at the nearest birthday.