See Blue. Make a difference.

Create a lasting legacy with a naming opportunity

Making a gift which qualifies for naming recognition is an ideal way to create a lasting legacy for someone at the University of Kentucky, whether that person is yourself, a loved one or an individual who has significantly impacted your life.

By working with the staff in the UK Office of Gift and Estate Planning, you can establish a named endowed fund, or make a gift to support a capital need which qualifies for naming an area in one of the University's facilities. Naming opportunities exist across campus which can enable you to provide a tangible memorial for an individual of your choosing.

Naming recommendations are submitted to the UK Board of Trustees for endorsement. Gifts amounts required to name endowed scholarships, programs and academic positions have been established by the UK Board and begin at the $25,000 level.

Ford Stanley ‘91, UK Director of Gift and Estate Planning, notes, “You worked with many individuals over the years who were inspired in making a gift to the University and having it honor or memorialize a special person in their lives. “Scholarships have been named for former professors whose impact upon students was transformational. Other endowed funds have been named to perpetuate the memory of family members and to connect their name with the good work that is being done at the University. “There are many possibilities for creating a lasting legacy with a naming opportunity at the University of Kentucky. These include professorships, academic chairs, lectureships, research funds, physical facilities on campus, and the list can go on. “I enjoy working with individuals to accomplish their philanthropic goals at the University,” Ford continue. “My colleagues and I are always available to assist UK alumni and friends in determining which planned giving option is best for each individual situation.”

Additional information can be obtained by contacting the UK Office of Gift and Estate Planning.

In this issue of the Benefactor:

- Wildcat basketball fan uses appreciated assets to make a gift for UK student athletes.
- Determining which planned giving option is best for each individual situation.

Wildcat basketball fan uses appreciated assets to make a gift for UK student athletes

“I would be hard to find a more dedicated Big Blue fan than Hugh Hickok,” observes Ford Stanley ‘91, Director of Gift and Estate Planning.

“His passion for Wildcat basketball stretches all the way back to the early 1960’s when he first heard Cawood Ledford, UK’s longtime play-by-play announcer, broadcasting a Kentucky game on a Louisville radio station. “It’s remarkable that Hugh became such an avid Wildcat supporter,” Ford continues, “because he has lived all his life in Michigan, and never attended the University of Kentucky.”

Over the years, Hugh was known to have three different radios in his home, tuned to three different stations, so that he could listen to Kentucky games. He kept score cards and statistics for all the games, and recalls the names of players and the details of many exciting games all the way from Rupp’s Return of the 1960s to the 2012-13 season and the UK vs. Florida game which he attended on campus in March.

Hugh had a special appreciation for Cawood Ledford’s style and professionalism. He met Cawood not long before his death and was a guest of Cawood’s at the final game of 2000. Hugh and Mrs. Ledford exchanged holiday greetings for several years.

When Hugh began to plan how he would distribute his assets accumulated over a lifetime, he decided to make a special gift to a scholarship fund named for Cawood Ledford. The fund assists student athletes in completing their college degrees.

“I was inspired to give while I’m living.... This way, I get to experience the joy of giving.” - Hugh Hickok

For nearly 150 years, students have come to the University of Kentucky seeking an education and a platform to help them to achieve their goals.

Through gift and estate planning, there are a variety of ways to help you meet your goals and women achieve their dreams.

Turn appreciated assets into a secure life income stream

If you own appreciated assets such as real estate or stocks that are producing little or no income, you can transfer those underperforming assets to create a life income agreement at the University of Kentucky. Benefits may include:

- Secure, increased income for life
- A charitable income tax deduction
- Reduction or even bypass of capital gains tax
- Tax-free income
- A future gift to UK supporting a project you select
- There are multiple life income agreement options available.

For example, a charitable gift annuity funded with low performing stocks or certificates of deposit can provide you with a charitable deduction and fixed income for life.

Rents are based on your age, and a portion of your payment could be tax free.

Creating a charitable remainder trust is another way to receive a tax deduction and income.

When you transfer your appreciated stock or real estate to fund a charitable remainder trust, you can also avoid capital gains tax on the sale of your assets. The trust will pay the assets tax free and then use the income proceeds to pay you income for your life.

And your income could potentially increase with growth in the trust assets.

To learn more about charitable life income plans and their benefits, 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 rates and potential income.
From where I sit... by D. Michael Richey

**Opening doors of opportunity for a century and a half**

For nearly 150 years, students from across the Commonwealth and beyond have been coming to the University of Kentucky making an education and a bright future. Maybe you were one of them.

During that time, our historic commitment to excellence in teaching, research, outreach and service has grown with each passing decade. And today more than ever before, we are dedicated to improving the Commonwealth. This is our Promise in Kentucky.

We approach UK's environmental commitment in 2013, I am reminded that the institution which became the University of Kentucky was established with financial help from local citizens. Those philanthropic gifts began UK's distinguished tradition of providing estate tax deductions and can be constructed in any of the following ways:

- A gift from members of last year's graduating class and communities. UK's cohort of new graduates during any year is greater than 30,000. Gifts include an annual gift by over 4000 freshmen and sophomore classes across Columbia.

**Retirement plans make great bequestable gifts**

Pension plans, individual retirement accounts (IRAs), 401(k) plans, Keogh plans and other qualified retirement savings plans allow you to designate the University of Kentucky as your beneficiary.

IRAs are problematic bequests to children because any heirs (except a spouse) will be taxed heavily. However, IRAs are a great tool for charitable bequests because such a gift comes to the University tax-free. Under current tax law, gifts of retirement plans provide significant tax advantages—specifically, income taxes and estate taxes which may come due on retirement plans at the time of death are avoided. Senior federal tax laws continue to change, donors are encouraged to contact the UK Office of Gift and Estate Planning or their financial advisors to clarify current regulations that may have a direct effect on gifts of retirement plans.

**Bequests in a will are easy gifts to make**

A bequest in your will is perhaps the easiest method to help ensure that UK's quality academic and other programs will continue to have a positive impact on future generations. Through a charitable bequest, you can determine how your resources will be used at the University after you no longer need them.

Gifts through your will, or a specific bequest added later through a codicil to your will, enable you to distribute the assets you have accumulated during a lifetime of work. Gifts through a will typically provide estate tax deductions and can be constructed in any of the following ways:

- A specific bequest can designate the University to receive either a specific dollar amount or a specific piece of property from your estate.

- A residuary bequest can be used to give the University what remains of an estate after all debts, taxes, expenses and other bequests have been paid. A percentage bequest can convey a specific bequest to the University as a percentage of the estate, or as a percentage of the residuary estate, rather than a specific dollar amount.

- A reversionary bequest can direct the University to use your resource for a specific purpose.

- A contingent bequest can ensure that property will pass to the University rather than to unintended beneficiaries should there be certain specific conditions that cannot be fulfilled because of an unexpected occurrence with an original bequest.

**A UK donor advised fund offers flexibility**

Organizing your giving through a UK donor advised fund can simplify your philanthropic support. Most of your giving can be centralized through your UK donor advised fund with no checks to write, and the resources you choose to allocate to philanthropy can remain invested while you and your family decide upon recipients of your charitable giving.

You can establish a donor advised fund at the University of Kentucky by giving cash, securities, closely-held stock, real estate or any other types of assets. 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. In the event you cannot fully utilize the deduction, it can be carried forward for up to five years under current statutes. You can also avoid capital gains tax on gifts of appreciated assets, and remove assets from your taxable estate.

Further, you can designate your UK donor advised fund as the beneficiary of life insurance, a testamentary or life income trust account 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.

Distributions from your UK donor advised fund are made when you specify charitable support to receive grants. The University is partnering with the Bluegrass Community Foundation, located in Lexington, Kentucky, to facilitate and process grants from the 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. You can designate your own investment advisor to manage your UK donor advised fund assets. The UK donor advised fund program will enter into a contract with your appointed investment advisor to manage assets and facilitate the grant-making activity. If you do not wish to select your own investment advisor, your contributed assets will be managed by professional investment advisors retained by the Bluegrass Community Foundation.

A portion of the contributors 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 remainder of your 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.

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

You can also designate successor advisors to your UK donor advised fund, such as children and grandchildren. Many families wish to carry on a legacy of philanthropic support. A UK donor advised fund is a wonderful vehicle to encourage and provide resources for family members to participate in supporting their communities, and in helping the University of Kentucky accomplish its historic mission in significant new ways.

**Charitable gift annuities provide guaranteed lifetime income**

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. The payments do not fluctuate with the economy, and you will therefore know exactly how much income you will receive each year. The annuity payments are guaranteed by UK for the rest of your life.

The benefits include a fixed payment for yourself (or yourself and another individual, if you choose), partial tax-free income, a charitable gift deduction on your federal income tax return, and most importantly, the satisfaction of knowing that you are helping extend the impact of the University of Kentucky into the future.

Payments are determined by your date of birth and are often substantially higher than rates available through commercial certificates of deposit.

**Life insurance is a good gift option**

Giving life insurance is an easy way to support the University of Kentucky, especially if the policy was originally purchased to provide protection for dependent children or as part of a business plan, and is now no longer needed. Both new insurance policies and those that no longer need to protect beneficiaries can be given to UK.

Naming the University as the owner and beneficiary of a paid-up life insurance policy entitles you to an income tax deduction equal to the cost basis in the policy, or its replacement cost, whichever is lesser. Giving a policy to the University can provide an income tax deduction approximately equal to the policy’s cash surrender value. Making the University of Kentucky the owner and beneficiary of a new policy provides an income tax deduction for the premium annual you give to UK to keep the policy in force.

Simply naming the University as the beneficiary of an existing policy is another way to use insurance for a charitable gift. In this scenario, you do not receive any income tax deduction, but your assets will be entitled to a gift deduction for the full amount of the policy.

**Charitable gift remainder trusts have many advantages**

There are two types of charitable remainder trusts: annuity trusts and unitrums. Both enable you to make a significant future gift to the University of Kentucky while providing income and other benefits to you and those you love.

With a charitable remainder trust, you transfer cash or other assets to a trust and receive income back for your lifetime and that of another beneficiary (if you choose). Income can be for a fixed dollar amount (annuity trust), or a fixed percentage of the trust (unitrust), or a pre-determined number of years, or for life. Upon the death of the last beneficiary, or completion of the term of years, the remaining value of the trust is distributed to the University for a purpose you designate. It may be possible to reduce probate costs and inheritance taxes with a charitable remainder trust. Additionally, if appreciated property is used to create the trust, capital gains taxes are avoided entirely when the property is sold.

This is a powerful tool for individuals interested in the security of a regular, lifetime income who also want to make a significant gift to the University of Kentucky in the future. The charitable remainder trust can be especially beneficial when low-income, highly-appreciated property is used to create the trust.