

Creating Futures



University of Colorado *Foundation*

Making A Tax-wise Gift

There are several tax-wise gifts to consider:

Outright gift: An outright gift of cash qualifies for a full 100% charitable deduction. This deduction is limited to 50% of your AGI in the year of the gift. Any excess deduction may be carried forward for five additional years.

Stocks and Mutual Funds: Gifts can be made outright or used to fund a planned gift. You may avoid capital gains taxes and will receive a charitable income tax deduction. Gifts of appreciated property held longer than one year are limited to 30% of your AGI in the year of the gift, with five additional years to carry deduction forward.

Charitable Remainder Trusts: Gifts of stocks, mutual funds, mortgage-free real estate, and cash can create a charitable remainder trust that pays income for your life. You may defer capital gains taxes, receive a charitable income tax deduction, and decrease future estate taxes. \$100,000 minimum (except real estate).

- Charitable Remainder Unitrust—Fixed % of FMV of trust assets revalued each year for life or a term of years. Gift additions may be made.
- Charitable Remainder Annuity Trust—Annual fixed income for life or a term of years.

Real Estate: A gift can be made in many ways: as an outright gift; bargain sale (sale of property to CUF below FMV); retained life estate (gift of personal residence, farm, ranch, condo when donor continues to enjoy use of property); or to fund a charitable remainder unitrust. Tax advantages will vary. You may avoid or defer capital gains taxes and receive other benefits. \$150,000 minimum.

Bequests: Gifts of a specified amount, percentage, or the residual of your estate in your will allows you to use your assets now, and provide for charity upon your death.

Testamentary Planned Gifts: Any life income gift through your will.

Gift of Retirement Plan Assets: Avoid income and estate taxes by designating the CU Foundation as a beneficiary with your plan administrator. A special opportunity: Until December 31, 2009, those 70½ years and older may give up to \$100,000 per year of IRA assets to charity without incurring income.

Charitable Lead Trust: A charitable “loan” makes payments to CUF for a term of years with the remainder to heirs. Provides estate and gift tax savings.



Additional Gift Planning Options:

- Charitable Gift Annuity: Lifetime fixed payment; \$10,000 minimum.
- Pooled Income Fund: Similar to a mutual fund; \$5,000 minimum.
- Life Insurance Gifts: Whole life; fully paid policies gifted to CUF as owner and beneficiary.



Endowments Gifts To Fund The Future

Please contact your personal advisors regarding the tax effects of any gift.

For more information on planned giving:

Contact Gift Planning Group

University of Colorado Foundation
4740 Walnut Street
Boulder, CO 80301
Phone: 303.541.1335
Toll-free: 1.888.287.2829
Fax: 303.541.1397
planned.gifts@cufund.org

www.cufund.org/planned-giving

The CU Foundation is a tax-exempt organization under Internal Revenue Code 501(c)(3), and a public charity under Internal Revenue Code 509(a)(1) and 170(b)(1)(A)(iv). Federal tax identification number #84-6049811.

All gifts should be made payable to the University of Colorado Foundation, specifying the appropriate fund.

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Endowments offer a reliable and permanent source of funding by providing support in perpetuity. An endowed chair is one of the most valuable gifts a university can receive and one of the most prestigious honors it can bestow. Endowed chairs attract gifted faculty and researchers.

Endowed funds can also provide continuing support for research, fellowships, lectureships, scholarships and awards.

How to Establish an Endowment

An endowment may be established with outright gifts of cash or appreciated property, including securities and real estate.

- All outright gifts of cash qualify for a full 100% charitable deduction. This deduction is limited to 50% of your adjusted gross income in the year of the gift. Any excess deduction may be carried forward for five additional years.
- The most favorable tax benefits are generated by gifts of securities or real estate that have significantly appreciated in value. In addition to receiving a charitable deduction, you avoid paying the capital gains tax when the Foundation sells the property. Gifts of appreciated property held longer than one year are limited to 30% of your AGI in the year of the gift, with five additional years to carry the deduction forward.

How Funds are Generated by an Endowment

Endowment gift moneys are invested by CU Foundation investment managers, with a fixed percentage of an endowment's value being distributed every year. Additional earnings are returned to the principal to ensure growth and to protect against inflation.

An endowed gift draws funds monthly from the interest generated by the principal of a gift. Under current University of Colorado Foundation policy, the greater of 4% of prior period market value or 4.5% of the prior three-year moving average of the market value of the fund is distributed annually.

