

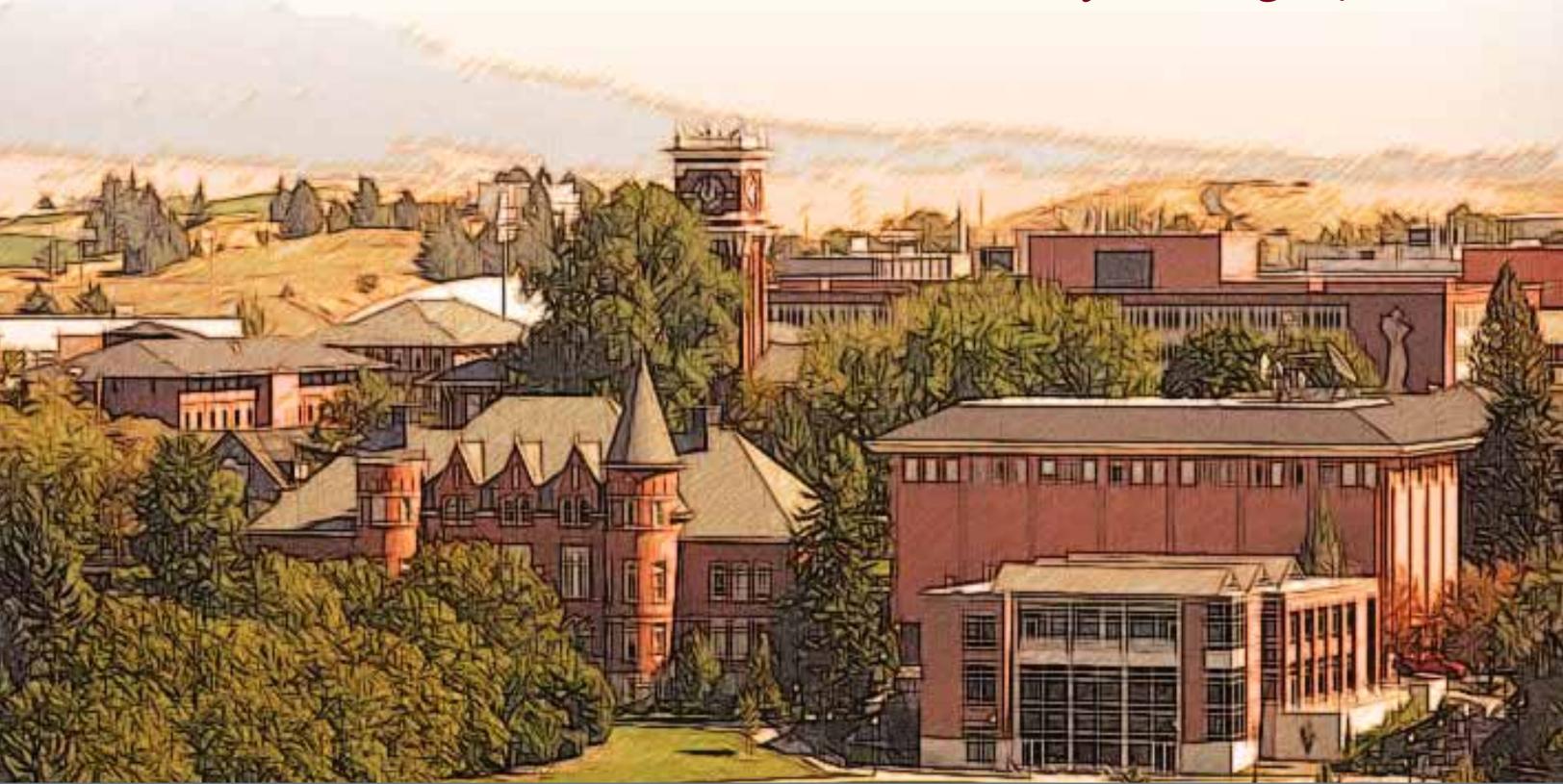
# Smart Charitable Planning

Careful preparation today enables us to construct the future we envision—one in which tradition is preserved, opportunities are accessible, and collaborative innovations produce solutions.

By including Washington State University in your estate or financial plans, you will make a lasting difference and provide opportunities for future generations. You will be creating your legacy.

We invite you to consider how, through thoughtful planning, you can make an impact you perhaps never thought possible while helping to build the foundation for the future.

*What's your legacy?*



**Gift Planning**  
*at Washington State University*



# *Planning Your Legacy at Washington State University*

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## Planned gift (noun):

*In contrast to an annual gift budgeted for and made from discretionary income, a planned gift is a charitable gift—small or large—made during lifetime or upon death as part of a donor's overall financial or estate planning.*

# Gift Planning at WSU

## IT'S YOUR LEGACY

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Meeting your goals is the mission of the WSU Foundation Gift Planning team.

We assist WSU alumni and friends like you in creating gift plans to facilitate your personal and philanthropic goals. We can help you maximize your support for Washington State University in ways that may enable you to receive significant tax and financial benefits.

Our team confidentially assists you and your advisors in determining gift plans that best suit your financial situation, family needs, and charitable interests. We help with stock transfers, provide suggested Will or trust language, and draft gift use agreements and charitable gift annuity agreements. Our office even bears the cost of drafting trusts where the WSU Foundation is trustee. In short, we are here to serve you every step of the way.

## SMART CHARITABLE PLANNING

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### WHEN DESIGNED TO REFLECT YOUR VALUES AND GOALS, YOUR ESTATE AND OTHER FINANCIAL PLANS CAN...

- Ensure your financial independence and security
- Meet goals for your loved ones *and* the charities you hold dear
- Determine who will make your medical and financial decisions if you become incapacitated
- Plan for the transfer of assets at your death
- Provide ways to reduce estate and/or income taxes, if necessary

That's why we call it Smart Charitable Planning. This tried-and-true approach results in the best possible management and disposition of your assets.

Perhaps you are considering including the WSU Foundation in your estate plan so you can continue the impact of your annual gifts on Washington State University in perpetuity, or make a special gift not possible during your lifetime. One of the quickest ways to do this is through a gift\* in your Will or Living Trust or as a beneficiary designation\* on your life insurance, retirement plan, or other accounts.

Through Smart Charitable Planning, it is possible for you to take advantage of strategies that feature many attractive benefits, such as increased income, reduced taxes, and, in some cases, the opportunity to see your gift at work.

\*Find our suggested bequest language and beneficiary designation information on page 5.

## Your Legacy, Your Values

At WSU, we practice what we call values-based gift planning. From the moment you first contact us, we will work with you to understand the kind of legacy you want to leave to your family, friends, and the causes you care so deeply about.

One of the first steps in creating your legacy is to think through your values so they can be reflected in your plan:

- What values or principles guide how you live your life, raise your children, run your business?
- With which charitable organizations have you partnered?
- What is the most satisfying charitable gift you've made?
- What role has philanthropy played in your family, and what value would it bring to your children or grandchildren?
- What could your philanthropy accomplish that would be the most meaningful to you?

# A Customizable Strategy for Every Situation

## Making an Impact You Never Thought Possible

There are many personalized, strategic ways to develop your estate plan. In fact, there are almost as many customized ways to make a gift as there are needs to be met. Among them are:

### GIFTS THAT PAY YOU INCOME TODAY AND BENEFIT WSU TOMORROW

- Charitable Gift Annuities
- Charitable Remainder Trusts

### GIFTS THAT HAVE AN IMMEDIATE IMPACT

- Charitable Lead Trusts
- Donor Advised Funds
- IRA Charitable Rollover
- Outright gifts

### GIFTS THAT MAKE AN IMPACT AFTER YOUR LIFETIME

- Gifts through Wills and Revocable Living Trusts
- Beneficiary Designations
- Retained Life Estates

Note: In this document, you will find definitions for each of the specific charitable gift options available through the WSU Foundation (see Glossary on page 6). For your convenience, they are also diagramed below.

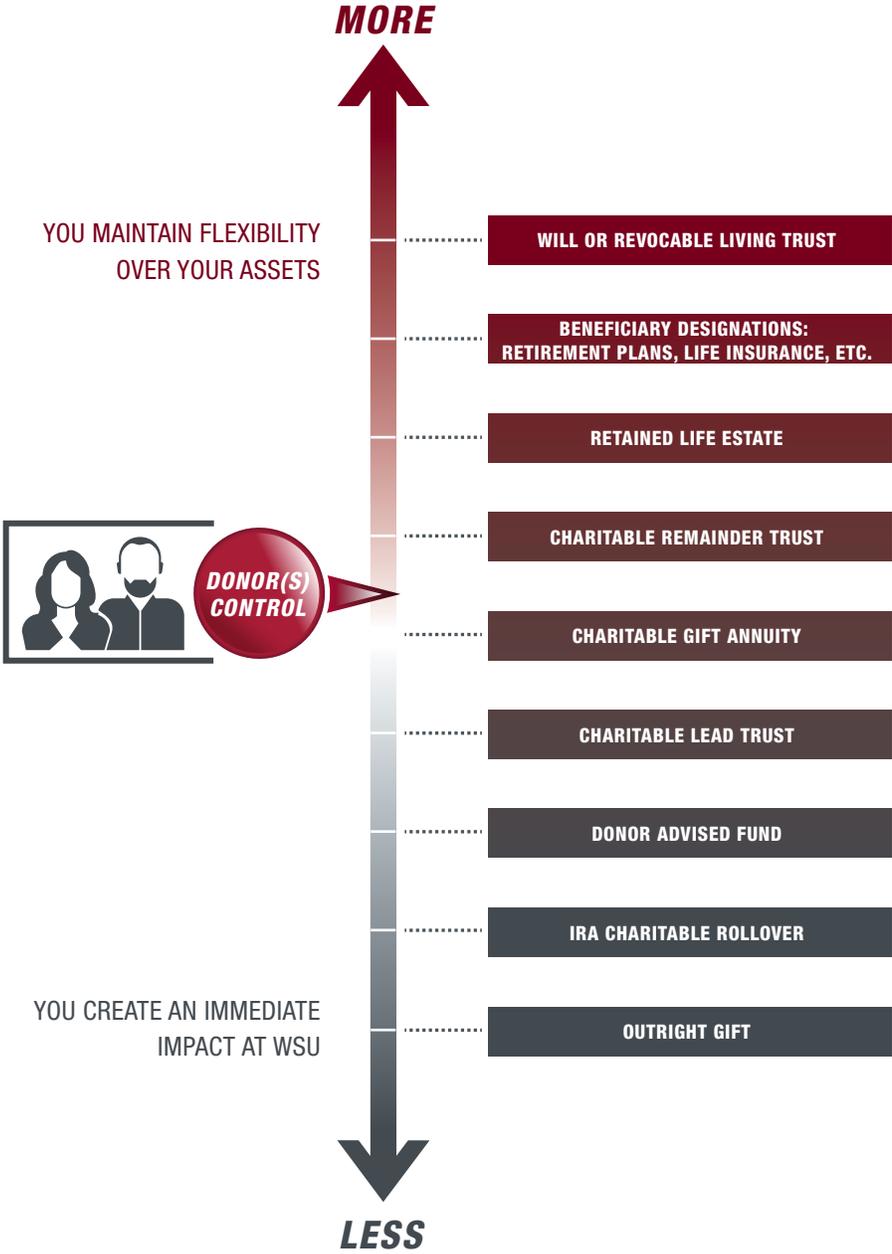
### GIFT COMPARISON CHART

<i>If this is YOUR GOAL</i>	<i>These are your GIFT OPTIONS</i>
Supplement your income (now or later).	Charitable Gift Annuity* or Charitable Remainder Trust
Make a large gift at little or no cost to yourself.	Will or Living Trust, or Beneficiary Designation on Retirement Plan Assets or Life Insurances Policy
Make a cost-effective gift while providing less-taxed assets for loved ones.	Designate WSUF as beneficiary of all or a portion of a retirement plan asset (IRA, 401k, 403b, etc.)
Create a hedge against inflation over the long term.	Charitable Remainder Unitrust
Get an income tax deduction for giving your home while retaining the right to live in it.	Retained Life Estate
Reduce gift and estate taxes on assets passing to family.	Charitable Lead Trust
Give now and decide later what area(s) of WSU and other charities to benefit.	Donor Advised Fund
Make a gift from my IRA during my lifetime.	IRA Charitable Rollover

\*Charitable Gift Annuities not available in all states. Attention California Residents—Payments made under a Charitable Gift Annuity are subject to regulation by the California Insurance Department but are not insured or otherwise guaranteed by the California Life Insurance Guaranty Association.

The following diagram displays the types of gifts you can make according to the level of control you would retain over the gifted asset(s). Typically, the less control, the greater your tax benefits.

# You Can Stay in Control



# Estate Planning Basics—Getting Started

## Begin the Process of Planning Your Estate in 8 Simple Steps:

- 1 Review information in this packet and at [foundation.wsu.edu/giftplanning](http://foundation.wsu.edu/giftplanning)
- 2 Answer, “What would I like to accomplish with my money that would be meaningful to me?”
- 3 Inventory your assets and your debts\*
- 4 Consult a professional advisor (you may contact us for referrals)
- 5 Consider all options (i.e. tax-favored assets to family and tax-burdened assets to charity)
- 6 Design your plan to suit you
- 7 Complete and finalize
- 8 Review and update periodically

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### \*DETERMINE YOUR NET WORTH

Your home	\$ _____
Other real estate	\$ _____
Savings/investments	\$ _____
IRAs/retirement plans	\$ _____
Life insurance/annuities	\$ _____
Business assets	\$ _____
Personal property (i.e. cars, antiques, etc.)	\$ _____
Other	\$ _____
Gross estate	\$ _____

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### IMPORTANT ESTATE PLANNING DOCUMENTS

- Will
- Revocable Living Trust
- Durable Power of Attorney
- Medical Power of Attorney
- Health Care Directive

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### ASSETS YOU MAY BE ABLE TO USE AS CHARITABLE GIFTS

- Cash
- Securities  
(including closely held stock)
- Land
- Retirement plans
- Life insurance policies
- Rental property or vacation home
- Primary residence
- Antiques
- Artwork
- Business interest
- Copyrights, royalties, patents
- Farm or ranch
- Harvested crops
- Livestock
- Mineral rights
- Precious metals
- Timber
- Valuable collectibles

## Suggested Bequest or Trust Language

“I give...

- the sum of \$ \_\_\_\_\_, *OR*
- the real property described on the deed as \_\_\_\_\_, *OR*
- personal property described as \_\_\_\_\_, *OR*
- all the rest, residue and remainder of my estate, *OR*
- \_\_\_\_\_% of the rest, residue and remainder of my estate

to the WASHINGTON STATE UNIVERSITY FOUNDATION, a Washington non-profit corporation and tax-exempt organization under 501(c)(3) of the Internal Revenue Code, (Federal Tax ID# 91-1075542), to be used:

- for its general purposes, *OR*
- to support the College of \_\_\_\_\_, *OR*
- to be added to the \_\_\_\_\_ Fund, *OR*
- as specified in a separate Gift Use Agreement on file with the WSU Foundation.”\*

\*A **Gift Use Agreement** (“GUA”) is the governing gift instrument between you and the WSU Foundation/WSU, that addresses specifics on when and how your gift will be used. If you wish for the gifted amount to be held as a permanent endowment, where the gift is invested and each year a percentage is distributed while the remaining is reinvested to ensure that the gift continues to pay out into perpetuity, this desire needs to be expressly stated in the GUA or other gift instrument. You may amend the GUA without the necessity of amending your Will or Revocable Living Trust.

If your estate includes payment from **IRD assets (Income in Respect of a Decedent—such as IRAs, retirement plan assets, savings bonds and installment contracts)**, the use of this type of asset to satisfy your charitable gift to the WSU Foundation may produce the best income tax result for the other beneficiaries of your estate. Please consult your attorney for language to best accomplish your goals. You also may wish to discuss with your attorney any advisable coordination between beneficiary designations and your Will or Revocable Living Trust (e.g., see suggested language below).

### **Sample Will or Revocable Living Trust language to protect against erosion of retirement plan/IRA gifts due to required minimum distributions and/or investment value declines:**

“I have designated the Washington State University Foundation (WSU Foundation) as a beneficiary of my retirement plan or individual retirement account to receive a gift of not less than \$ \_\_\_\_\_ (Minimum Gift Amount). In the event the actual gift amount from this beneficiary designation does not equal or exceed the Minimum Gift Amount, I make a specific bequest in an amount equal to the difference between the Minimum Gift Amount and the actual gift amount to the WSU Foundation. For purposes of determining the amount of this gift, any and all beneficiary designations naming either the Washington State University or the WSU Foundation shall be considered collectively.”

### **INFORMATION FOR BENEFICIARY DESIGNATIONS**

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WILLS, REVOCABLE LIVING TRUSTS, CHARITABLE TRUSTS, IRAS AND RETIREMENT PLANS, DONOR ADVISED FUNDS, BROKERAGE AND BANK ACCOUNTS, LIFE INSURANCE, and ANNUITIES.

Name ..... Washington State University Foundation

Address..... PO Box 641925, Pullman, Washington 99164-1925

Federal Tax ID Number ..... 91-1075542

# Tangible Impact Tomorrow... and Forever

## Glossary of Terms

There are many ways to leave a lasting legacy at WSU. The following is a list of common charitable giving terms to help you as you begin the process of planning the smartest gift for your situation. Please let us know if you would like more detailed information on any of the following—we are happy to help.

### **ASSETS**

Assets are items of value that can be given as charitable gifts. In addition to cash, the WSU Foundation can accept gifts in the form of securities, including closely held stock, real property (see definition below), tangible personal property (artwork, valuable collections, etc.), agricultural products (harvested crops, timber, livestock, etc.), mineral rights, precious metals, retirement plans, and life insurance policies, among others.

### **BARGAIN SALE**

Through the “bargain sale,” WSU purchases property (real estate or other) from a donor for less than its fair market value, enabling the donor to recoup some cash (perhaps equal to his or her investment in the property) and use the balance as a charitable gift.

### **BENEFICIARY DESIGNATION\***

Beneficiary designations are perhaps the easiest way for a donor to support WSU through his or her estate plan. The donor can designate the WSU Foundation as a beneficiary of his or her retirement plan(s), bank and brokerage accounts, donor advised fund(s), annuities, life insurance, etc.

### **BEQUEST\***

A bequest is a gift from a donor’s estate. A donor can include the WSU Foundation in his or her Will or Revocable Living Trust (RLT). Sample language for bequests can be found on page 5.

### **IRA CHARITABLE ROLLOVER**

The IRA Charitable Rollover, or a qualified charitable distribution (QCD), allows individuals who have reached age 70½ to donate up to \$100,000 to the WSU Foundation directly from their Individual Retirement Accounts (IRA), without treating the distributions as taxable income and satisfying their required minimum distribution (RMD).

### **CHARITABLE GIFT ANNUITY (CGA)**

A CGA is a simple contract with the WSU Foundation that provides reliable income for life for one or two annuitants (based on age). CGAs are best for those interested in building a legacy at WSU while receiving a lifetime of tax-favored, reliable income—immediate or deferred payments depending on the donor’s preference—at a high rate of return in addition to a charitable income tax deduction. At the death of the last annuitant, the remaining funds benefit the specific WSU program(s) selected by the donor.

### **CHARITABLE LEAD TRUST (CLT)**

A CLT provides WSU with annual income from donated assets for a set term. At the end of the term, remaining assets are distributed to back to the donor or other named beneficiaries with possible tax benefits.

### **CHARITABLE REMAINDER TRUST (CRT)**

This type of trust allows donors to provide fixed or variable income to themselves (or others) for life or for a term of years (or both). When the trust ends, the remainder benefits the specific WSU program(s) (and possibly other charities) selected by the donor. CRTs are flexible and can be structured to meet almost any personal and philanthropic goals.

#### **DONOR ADVISED FUND (DAF)**

Ideal for those with multiple charitable interests, this gift allows donors to establish a fund with the WSU Foundation—with an immediate charitable income tax deduction—from which future grants will be made to WSU and to other qualified charities.

#### **DONOR MANAGED INVESTMENT ACCOUNT (DMIA)**

A DMIA enables a donor to continue investment management over his or her charitable contributions for a specified term. The donor makes, and the WSU Foundation accepts, an irrevocable charitable gift of property, establishing an account, the investment of which the donor continues to manage through authorization granted by the WSU Foundation.

#### **ENDOWED GIFT**

Gifts which are invested to provide a dependable, perpetual source of funding, making them a true investment in the future. Each year a percentage of the fund is distributed to benefit the University priority chosen by the donor. Investment growth beyond the annual distribution to the University and advancement fee is added to the principal to help protect the fund against inflation and market fluctuation. Endowed gifts can be funded during a donor's lifetime or through his or her estate.

#### **GIFTS OF REAL PROPERTY**

Many types of real estate, including a primary residence, townhome, vacation property, and even farmland, can be left to the WSU Foundation through a Will, Revocable Living Trust (RLT), or other gift arrangements, such as a Charitable Remainder Trust (CRT).

#### **GIFT USE AGREEMENT (GUA)**

A GUA is a contract, or agreement, between a donor, Washington State University, and the WSU Foundation that includes specifics on how a gift will be used.

#### **RETAINED LIFE ESTATE (RLE)**

A RLE is a gift of property to the WSU Foundation—including a residence, farm, ranch, or vacation home. The donor retains the right to use and responsibility to maintain the property for life. Upon the donor's death, WSU will sell the property and put the proceeds to work supporting the WSU program(s) selected by the donor.

#### **REVOCABLE LIVING TRUST (RLT)**

A RLT is frequently used in place of a Will as the primary means of transferring assets at death. RLTs have unique qualities that make them an attractive alternative for certain individuals. In comparison to Wills, Living Trusts are more private and allow the estate to pass without probate if correctly implemented.

#### **TESTAMENTARY**

Of, relating to, or appointed through a Will or Revocable Living Trust—a gift planned during and given after a donor's lifetime.

\*Estate gifts through Wills, revocable living trusts, and beneficiary designations are among WSU's largest source of private support, making up more than one-third of the University's \$400 million endowment (as of June 30, 2016).



Your estate gift will help ensure WSU's future. You can select the area of the University that you wish to benefit from your gift, or you can make your gift unrestricted, allowing the University maximum flexibility in using your gift where it will have the most impact.



### SCOPE OF THE WSU FOUNDATION GIFT PLANNING PROGRAM

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- 52 Charitable Remainder Trusts valued at more than \$23.9 million (Trustee of Charitable Remainder Trusts since 1983)
- 123 Charitable Gift Annuities valued at more than \$9.1 million
- 2 Retained Life Estates
- 1 Charitable Lead Trust
- 1,900+ Legacy Associates—alumni and friends who are including WSU in their estate plans

### OUR TEAM OF ADVISORS

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- Retained legal counsel in Spokane and Seattle
- Members of professional planned giving advisory boards in Spokane and Seattle
  - More than 25 advisory board members specializing in law, financial/estate planning, insurance, real estate, banking/trust management, and accounting
- WSU Foundation Gift Acceptance and Management Committee
- Kaspick & Company, the leading planned gift management firm

# Let's Chat!



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The information contained in this publication is not intended to be interpreted or relied upon as legal, tax, or financial advice. The WSU Foundation does not engage in the marketing of services pertaining to individualized advice about estate distribution documents. Before entering into a planned gift with any charity, the donor should seek professional legal, tax, and financial advice. This information cannot be relied upon as professional advice adequate in scope and content to avoid the imposition of penalties under the Internal Revenue Code. Information about the WSU Foundation and its management policies for all types of gifts can be found at [foundation.wsu.edu/about](http://foundation.wsu.edu/about).

## YOUR WSU FOUNDATION GIFT PLANNING TEAM

With more than 64 years of combined experience in gift planning, our team is here to help, every step of the way.





WASHINGTON STATE  
UNIVERSITY  
FOUNDATION

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