

# insights & options

VOLUME XXVII

CHARITABLE GIFT ANNUITIES ISSUE

## Inside:

Increase Income  
and Save on Taxes

Gift Annuity  
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Unlock Income From  
Low-Yielding Assets

## Doris Alexander: In the Pilot's Seat for Life's Big Adventure

Three times a week, you'll find Doris Alexander at the Santa Monica Airport, taking flying lessons in a single-engine Cessna. Other days, you may spot her practicing ballroom dancing and piano, attending the opera, participating in charity events, and hosting friends in her lovely home.

This is just the latest chapter in what Doris calls "a big adventure"—a life that has spanned two continents, 83 years, and a world war. "Now is my time," she says. "I can concentrate on the people and things that matter."

That includes giving to causes in which she believes. Doris recently established a *Life Estate Gift Annuity*, which enables her to give her home to The UCLA Foundation today while retaining its use during her lifetime (see page 4 for more information). She receives a current income tax charitable deduction as well as a lifetime annuity. For Doris, knowing that the gift of her home will benefit future generations was the critical factor in her decision.

Born in Stuttgart, Germany, she was a young actress and dancer when she met her husband, Milo "Sascha" Alexander, then a refugee from Czechoslovakia, during World War II. At the war's end, the couple came to the United States—a journey she likens to "going to the moon." In the mid-1950s, they founded the Alexander Machinery Company in Culver City, which supplied parts and machines for the oil and gas industry. "For a long time, the company was just the two of us, working round-the-clock. It was exciting."

With the business well established, Doris took a new path in the early 1970s, going back to school to study theater arts. While still in



Doris Alexander

school, she was offered a position as a makeup artist on a feature film. That led to a 15-year career freelancing for various movie studios. Dotting her piano are photographs of her with film and TV stars, including Omar Sharif, Bette Davis, and Shirley Jones.

Her beloved Sascha died three years ago after 56 years of marriage. Both had been avid skiers, but after three hip replacements, Doris has been forced to relinquish her sport of choice. "Flying is a replacement for skiing," she concedes, adding that she likes the hint of danger and the challenge.

She also makes time for travel. She's planning a tour of Maine fishing villages and a return trip to South Africa, where she rode elephants during a 2008 visit. (See photo on page 2).

*continued on page 2*

**Give your home, live in it, and enjoy more income—see page 4 to find out more.**

**UCLA**

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Her philanthropic interests largely focus on medical research and the arts. However, she has designated her charitable gift annuity to support the highest priority needs as determined by the university. While Doris had no previous ties to UCLA, she's happily forming them now, looking into campus theater events and seminars. "It gives me a good feeling to know that what I leave behind will be used for something good," she says, "and I like knowing that now, while I can enjoy it."



## Unlock Funds and Support UCLA

Gift Annuity Payment Rates			
Selected Rates for One Person		Selected Rates for Two Persons of the Same Age	
Age	Rate	Ages	Rate
90+	10.5%	90/90	8.7%
85	8.9	85/85	7.4
80	7.6	80/80	6.6
75	6.7	75/75	6.0
70	6.1	70/70	5.6
65	5.7	65/65	5.4

Please write or call for current benefits and rates for other ages.

**For illustrative purposes only.**

In recent months we have seen significant fluctuations in the stock market and the value of homes and other investments. Like many other friends of UCLA, you may be surprised to learn there are ways you can support university programs while enjoying a reliable source of income and other welcome financial benefits.

For many years, *charitable gift annuities* have provided friends of UCLA a way to add to their income while they reduce gift, estate, and income taxes and make significant gifts.

### How gift annuities work

When you create a charitable gift annuity, the cash or property that funds it will eventually be used for charitable purposes by UCLA, much as if you provided for a gift through your will or other long-range financial plans.

But unlike other ways of giving, your gift annuity will provide you with regular

payments and other financial advantages for as long as you live. The amount of the payments depends on your age at the time your annuity is funded. See the chart on this page for current rates at various ages.

### Tax savings

Because your gift annuity will one day provide resources devoted to charitable purposes by UCLA, a portion of the amount used to fund your gift annuity will be deductible from your income tax if you itemize your deductions. Federal tax laws provide that you can use this deduction to reduce your income tax for the year of your gift and as many as five future years. In addition, a portion of your payments will be received tax-free for a period of time.

If you choose to fund your annuity with real estate or investments that have increased in value since you have owned them, you may also avoid or delay payment of capital gain taxes. Your payments will, however, still be based on the full value of the investment.

See page 3 for more information about gift annuities and how they can be used to accomplish a variety of goals.

# Increased Income for You

Gift annuities can be used in a number of ways to make special gifts to UCLA while providing additional income.

Beverly Martinez, age 78, has \$20,000\* invested in certificates of deposit that currently pay her interest of less than 4%. She would like to increase her monthly income. Beverly is pleased to learn she could receive payments totaling 7.2% each year from a UCLA gift annuity.

For the first 10 years she receives payments, Beverly will pay income tax on less than one-third of the payments.

She is pleased that she will also enjoy a federal (and perhaps state) income tax deduction of over \$9,500 for the year in which she funds her gift annuity, further increasing her tax savings. Finally, just as if she had made her gift in the form of a bequest, the amount used to fund her gift annuity will not be part of her estate for federal tax purposes.

## A couple can benefit

Robert and Meredith Chang, ages 76 and 75, own securities worth \$100,000 for which they paid \$50,000 several years ago. The securities have been worth as much as \$125,000 recently and the Changs are concerned they may decline further in value. The securities pay a dividend of less than 1%.

The Changs hesitate to sell the securities and reinvest because of the capital gain tax that would be due on a sale, leaving them with less to reinvest.

They decide instead to use the securities to fund a gift annuity with The UCLA Foundation. They will not owe capital gain tax at the time of their gift, and they will receive monthly payments totaling 6% of the value of the securities per year for the rest of both

of their lives. This is more than six times the amount they are now receiving in dividends, and the amount will not fluctuate over time.

As a result of the gift they have made, they also enjoy an income tax deduction of over \$37,000. In addition, the amount used to fund the gift annuity will not be subject to probate and will be removed from their taxable estate.

The small amount of dividend income they now receive from the securities is fully taxable to them. For the first 16 years they receive their gift annuity payments, however, the Changs will not be required to pay income tax on a significant portion of their payments, and much of the remainder will be taxed at lower capital gain tax rates.

## Ronald Reagan UCLA Medical Center Opens



Reed Hutchinson Photography

On June 29, 2008, *Ronald Reagan UCLA Medical Center*, the most advanced medical facility in the world, opened on the Westwood campus. Planned gifts and bequests are philanthropic vehicles that can be used to ensure the finest care for every patient who arrives at its doors.

For more information about making a gift in support of UCLA Health System, contact Ian Jipp, Senior Director of Development, at (310) 794-5143 or via e-mail at [ijipp@support.ucla.edu](mailto:ijipp@support.ucla.edu).

\* The minimum amount for establishing a gift annuity with UCLA is \$10,000; however, UCLA donors have completed annuities in amounts ranging from \$10,000 to \$1 million or more.

## IRA Rollover Passes for 2008/2009

In recently passed legislation, Congress extended the provision of the Pension Protection Act that expired at the end of 2007. It allows individuals age 70½ or older to make a direct transfer of up to \$100,000 from their IRA to charity on a totally tax-free basis this year and next. Please contact us or your plan administrator for more information.

## Give Your Home and Live in It

Under the terms of a *Life Estate Gift Annuity*, a donor transfers a home to UCLA and enjoys the right to live there for the remainder of his/her lifetime and, if desired, that of a spouse or other loved one. In return, UCLA agrees to make regular fixed payments for life that do not change, regardless of fluctuations in real estate values, interest rates, or other economic conditions.

Because the home will one day be owned by UCLA and used to fund its programs, the homeowner is entitled to a substantial income tax deduction right away. The homeowner can also enjoy capital gain tax savings, and may receive a substantial portion of payments on a tax-free basis. The property is also removed from the donor's taxable and probate estate.

For example, Mr. & Mrs. Rosales own a home in Los Angeles that they purchased twenty-five years ago for a fraction of its current value. They would like to continue to live in the home but would also like to arrange for a dependable source of retirement income. As part of their long-range estate and financial plans, they have already decided to make provisions for gifts from their estates to UCLA and other charitable interests.

They were pleased to learn that they could continue to live in their home for the remainder of both of their lifetimes while directing that it be owned by UCLA at the death of the survivor. In return, they now receive generous monthly payments from UCLA that will continue for the rest of their lives.

A tax deduction equal to a large portion of the value of their home can be used to reduce their income tax in the year of their gift and in up to five future tax years. They continue to be responsible for upkeep of their home.

Finally, the value of the Rosaleses' home will not be subject to estate tax, allowing more of their other property to eventually be received by their heirs.

More information is available upon request. Please return the enclosed card or call the UCLA Office of Gift Planning at 800-737-UCLA (8252).

### The Alumni/Donor Census is Here!

Our mission: to develop programs and events that matter to you – and to support academic excellence and public service at UCLA.

Our goal: a comprehensive census of the UCLA community.

Our need: your participation!

You've received our brief census. Please help us by responding – it will take but a few minutes to complete.

Thank you.

**UCLA**



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