

## REUNION AND ALUMNI/AE WEEKEND 2021

# Reconnect



**KEYNOTE**  
The Honorable  
Donald Cabell '91  
US Magistrate Judge,  
District of Massachusetts

## What gift works best for you?

### GIFTS DURING YOUR LIFETIME

**CASH:** Giving cash is easy and it is familiar. Use [giving.northeastern.edu](https://giving.northeastern.edu) and select "School of Law" under categories to explore NUSL funds and make a gift online using a debit or credit card. For tax itemizers, under the extended provision of the **CARES Act** you may deduct up to 100% of your Adjusted Gross Income (AGI) for gifts to eligible charities in 2021. This provision will revert to the 60% limit in 2022. Any unused deduction amount may be carried forward for an additional five years.

**APPRECIATED SECURITIES & MUTUAL FUNDS:** (Held 1+ years) are also easy to give and you pay no capital gain tax on the appreciation. When given outright, your charitable deduction is equivalent to the market value of the shares on the date received, limited to 30% of your AGI. Any unused deduction amount may be carried forward for five years. Contact [Mielle Marquis](#) or [Jake Hepler](#) for asset transfer instructions to share with your broker.

**RETIREMENT PLAN ASSETS:** IRA, 401(k) or 403(b) retirement plans work well for saving for retirement, but as an income stream they may also be your most heavily taxed asset. Withdrawals are taxed by the IRS and, where applicable, by your state and/or city. Additionally, if those funds are left to heirs they will be taxed more heavily than other estate assets. Consequently, gifts from your retirement plan may be the most attractive asset to use for Reunion giving.

Once you reach age **59 ½** most plans allow you to take a distribution without penalty and make a charitable gift. If you itemize your taxes you can also claim a charitable income tax deduction for that amount.

If you are age **72** or older, you know that you must begin taking a Required Minimum Distribution (RMD) from your IRA (raised from **70 ½** in 2019). This RMD will be included in your AGI and taxed as ordinary income. However, consider this...

**IRA Direct Transfers a/k/a Qualified Charitable Distribution (or "Charitable Rollover"):** If you own a *traditional* IRA, once you reach age **70 ½** you may elect to make a Qualified Charitable Distribution (up to an aggregate \$100,000 per year) to qualified charities, like Northeastern, without having to recognize that distribution in your AGI. What's more, once you are age 72, any Qualified Charitable Distribution may satisfy all or a portion of your RMD.

Distributions from 401(k), 403(b), 457 governmental plans, simple IRA plans and simplified employee pension (SEP) plans, are not eligible for the Qualified Charitable Distribution. However, many of these plans may be "rolled" into a traditional IRA in order to take advantage of this provision. Talk to your plan administrator or financial advisor to see whether this makes sense for your situation.

Gifts (and pledges) from retirement plans can be directed to any fund for any purpose at NUSL. To make a gift from your *traditional* IRA, contact your IRA administrator, or **Northeastern's Office of Gift Planning at 617.373.2030**.

## LEGACY / FUTURE GIFTS – BECOME A MEMBER OF THE FRANK PALMER SPEARE SOCIETY

**BENEFICIARY DESIGNATION ON AN EXISTING ACCOUNT:** An easy, no-cost way to make a gift from your estate is to name NUSL as a beneficiary on a retirement account, life insurance policy, bank or investment account where allowable.

**NAME NUSL IN YOUR WILL OR TRUST:** Make a gift through your will or trust by including a specific dollar amount or a percentage gift to NUSL. Suggested language can be found here: [plannedgiving.northeastern.edu](http://plannedgiving.northeastern.edu).

❖ Use our [Estate Gift Intention](#) form to document these gift options for Reunion.

## LIFE-INCOME GIFTS

**CHARITABLE GIFT ANNUITY:** A simple contract between the donor and Northeastern that can provide

- ❖ Fixed, supplemental income for the remainder of your life - and future support for NUSL
- ❖ An immediate charitable income tax deduction
- ❖ Ability to make a larger gift than you might otherwise because of the income you receive in return

**Annuity Income** is guaranteed by Northeastern and is based on the age of the annuitant and amount of the gift. With a minimum gift of \$10,000 or more in cash or appreciated securities (including mutual funds), you can begin receiving payments immediately if you are age 60 or older. You may also defer the commencement of payments for a year or more and enjoy a proportionately higher payout rate and income tax deduction. If you include a second annuitant, s/he will receive payments for life. Note, this gift option is irrevocable.

**Benefits of Using Cash** or low-interest CDs to fund your gift annuity: (1) You create a reliable stream of income for life; and (2) a portion of the income paid to you is free of federal income tax. (The remainder of the income is reported as “ordinary income” on your taxes.)

**Benefits of Using Appreciated Securities** for a gift annuity: (1) you have no immediate capital gain tax due and you save capital gain tax overall; (2) A portion of the income paid is tax-free, and a portion is subject to capital gain tax; and (3) *This is an excellent way to turn a non-income producing asset into a steady stream of income for you.*

**Example:** Joan, age 65, creates a 4.2% one-life gift annuity with \$25,000 in cash that will ultimately benefit NUSL’s Center for Public Interest, Advocacy and Collaboration (CPIAC).

### Benefits:

- ❖ \$25,000 Reunion gift
- ❖ \$1,050 fixed income annually for life; \$824 is tax free for 19.9 years
- ❖ A \$8,605 charitable income tax deduction
- ❖ Satisfaction of providing future support for CPIAC

ONE LIFE GIFT ANNUITY RATES AS OF JULY 1, 2020			
Age	Rate %	Age	Rate %
59-60	3.9	76	5.6
61-62	4	77	5.8
63	4.1	78	6
64	4.2	79	6.2
65	4.2	80	6.5
66	4.3	81	6.7
67	4.4	82	7
68	4.5	83	7.2
69	4.6	84	7.4
70	4.7	85	7.6
71	4.8	86	7.8
72	4.9	87	8
73	5.1	88	8.2
74	5.2	89	8.4
75	5.4	90+	8.6

Rates established by the American Council on Gift Annuities

## VARIABLE INCOME FOR LIFE WITH A CHARITABLE REMAINDER UNITRUST

This special irrevocable gift arrangement allows you to make a substantial gift in recognition of your Reunion while retaining an income for life or a term of years. Each year the income beneficiaries receive a fixed percentage (typically 5 percent) of the trust’s assets, which is revalued annually; if the trust grows, so does your income. Where Northeastern serves as Trustee the minimum funding level is \$100,000. Additionally, once established donors may add to their trust any time and receive another charitable income tax deduction.

**Example:** Dan and Liz, both age 70, would like to support Dan’s Reunion at NUSL, but they also want to increase their retirement income. They decide to establish a five percent charitable remainder unitrust with \$100,000 of stock they bought years ago for \$40,000. The stock currently pays a 1.90 percent dividend of \$1,900 per year. They can serve as their own trustees, have Northeastern serve as trustee, or use an investment advisor.

### Benefits:

- ❖ \$100,000 Reunion gift
- ❖ Income increase from \$1,900 to \$5,000 the first year; thereafter, recalculated annually at a fixed 5 percent of the trust’s value
- ❖ A \$40,865 immediate charitable income tax deduction
- ❖ No capital gain tax due immediately; a portion of the income will be taxed according to the investment strategy of the trust assets
- ❖ A generous future gift (the remainder after the income beneficiaries lifetimes) to support a program or fund at NUSL