The ABCs of Life Income Gifts

Kathy and Joe Cusick found two kinds of lasting love at Stanford—for each other, and for the university that brought them together. Decades later, they celebrated these relationships by creating two charitable gift annuities, which offer them fixed payments for life while providing support for Stanford in the long term.

Kathryn Moore Cusick, ’51, a Bay Area native and daughter and granddaughter of alumni, set her sights on a Stanford education early and applied only to the Farm. Joseph Cusick, ’51, GSB Sloan Fellow ’73, raised in Chicago, decided to attend Stanford on his Navy ROTC scholarship, a choice confirmed on a campus visit in the summer of 1947. “I was thrilled to get my first choice selection,” he recalls.

The French major (Kathy) and the journalism major (Joe) met as seniors. Engaged before graduation, they married the following year. The Los Gatos, California, couple has just celebrated their 60th anniversary.

Both have made Stanford an integral part of their lives. Joe, a retired civilian executive for the Air Force, is a lifelong volunteer and gifted fundraiser who received Stanford’s prestigious Gold Spike for volunteer service in 1973. He also earned the Governors’ Award from Stanford Associates in 1995. Kathy, a retired librarian who worked in San Jose’s Evergreen School District, has volunteered for Stanford University Library Associates, several fundraising campaigns, and her reunions.

Indeed, reunions have helped keep their Stanford ties strong. “I always remember the reunions,” says Kathy. Joe took on key volunteer roles, serving as giving campaign co-chair for his 45th, 50th, and 55th, and as events co-chair with Kathy for their 60th.

While volunteering for their reunion in 2001, Joe and Kathy first thought about making a planned gift to Stanford.

Because the Cusicks have a large family—8 children, 14 grandchildren, and 2 great-grandchildren—the...
couple had waited until their children were self-supporting to consider a major gift. By their 50th reunion, they felt the time had come. Kathy and Joe agreed that they wanted to make a “stretch” gift while still feeling comfortable about their long-term financial security.

Both were attracted to the notion of a charitable gift annuity (CGA), a life income gift that establishes a contract between Stanford and the donors. This contract provides for individuals—the annuitants—to be paid a fixed dollar amount each year for life in exchange for the gift. After the annuitants are no longer living, the remaining assets are then used at Stanford to support the purpose designated by the donors.

“In celebrating our 50th reunion, it was an opportune time to provide a lead gift that would also provide us with an income,” explains Joe.

Ultimately, the Cusicks created two charitable gift annuities at Stanford—one for their 50th reunion and one for their 55th—which serve as “his and hers” gifts. In addition to cash, the couple also chose to give appreciated stock. They were pleased to learn that no capital gains tax was due at the time of the stock’s sale. The Cusicks’ gifts will support The Stanford Fund, the Hoover Institution, and an endowed book fund that the couple created.

The annuity payments have been put to good use, the couple says, especially in supporting a prized collection of Kathy’s.

During her work as a Library Associates volunteer in 1973, Kathy started her own book collection. She focused on alphabet books (think “A is for Apple”). Although historically made to educate children, many such volumes also have been created for art-loving adults.

Kathy now has 700 large-format ABC books and several hundred miniatures. How do the CGA annuity payments help? “I look on it as discretionary income, and it has financed some of my book purchases,” she says.

Kathy combines her interest in overseas travel with her love of books in a special ritual: When she arrives at her destination, she seeks out a foreign-language bookstore and selects an alphabet book for her collection. Joe and Kathy did just that during one of their favorite trips, an Istanbul-to-Venice tour organized by Stanford Travel/Study.

Ever creative, Kathy united her enthusiasm for reunions with her expertise in ABC books for their 40th reunion: She authored an original alphabet book for classmates, featuring photos from their Stanford years. It’s now a highly collectible artifact itself—filled with the memories that first launched the Cusicks on their lifelong relationship with the university, one that will continue far into the future with their charitable gift annuities.

After working in Stanford’s Office of Planned Giving from 1986 to 2000, I explored the world of development outside of Stanford at UC Berkeley and Columbia. During that time I stayed in touch with my friends and colleagues in the Stanford Development Office and always read Remember Stanford with interest.

On my return to my alma mater last November, it was comforting to find that much remains the same on the Farm. However, at least one thing has changed: In the Planned Giving program, the number of donors participating in Stanford’s charitable gift annuity (CGA) program had more than doubled while I was gone.

Good Counsel

BY FRED HARTWICK, ’78
PHILANTHROPIC ADVISOR
OFFICE OF PLANNED GIVING
STANFORD UNIVERSITY
Some details of the annuity program have changed as well. Last fall, the American Council on Gift Annuities lowered the rates that most charities, including Stanford, use for gift annuities, effective January 1, 2012. Although most new CGA donors will receive a rate that is about 0.5 percent lower than the 2011 rates, I want to note the following:

- The 2012 charitable gift annuity rates are still significantly higher than interest rates on many fixed income investments.
- The new rates provide for a larger current income tax charitable deduction.
- A large portion of the annuity payment often is tax-free income to the annuitants.

Most importantly, donors of charitable gift annuities are making a significant gift to Stanford.

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Due to state regulations, Stanford is unable to offer gift annuities in certain states, including Florida, Hawaii, Maryland, New Jersey, New York, and Washington.

My colleagues and I stand ready to provide details to you about CGAs. They might appeal to you especially if:

- You are 70 or older.
- You are about to celebrate your 50th or later reunion.
- You would like to increase your income.
- You would like to sell appreciated securities, but do not want to pay capital gains tax at the time of the sale.
- You are younger than 70 and would like to arrange for deferred income to start at a later time, such as at your retirement.

Recent Estate Gifts

Stanford is grateful to the generous alumni and friends who have remembered the university in their estate plans. These gifts have a significant impact across campus. The following is a sampling of recent estate gifts:

FRANK ANSEL, ’40, provided for Stanford in his estate plans, resulting in a gift of more than $390,000 to The Stanford Fund.

ALLWYN BREUER, a friend of the university, bequeathed $5,000 to be added to the Allwyn and Madge Breuer Scholarship Fund for students in the School of Medicine.

PATRICIA J. DOYLE, a friend of the university, made a bequest of $10,000 to the John S. Knight Journalism Fellowships Program in the Department of Communications in the School of Humanities and Sciences.

GERMAINE AND BENJAMIN EATON, ’42, bequeathed a residence on Mason Street in San Francisco. The building was sold for $2,750,000 and the proceeds were used to establish the Eaton Fund in the School of Medicine, supporting research.

GLADYCE FOSTER, a friend of the university, left $100,000 for undergraduate scholarships.

L. RUTH GUY, PhD ’53, left a portion of her estate amounting to nearly $62,000 to support graduate students concentrating in bacteriology and immunology in the School of Medicine.

MURIEL JEFFREY, a friend of the university, left $5,000 to benefit Stanford’s Memorial Church.

VIOLA K. KLEINDEINSTEIN, a friend of the university, left a $25,000 bond to the Hoover Institution.

MARY MARES, a friend of the university, named Stanford as a beneficiary of her trust, resulting in a gift of approximately $1,010,000 to provide scholarships for undergraduate students.

MICHAEL E. MOORE, JD ’75, left a portion of his estate to Stanford Law School. He also named the school as the beneficiary of two IRAs. His total gift was more than $590,000.

ELIZABETH REYNOLDS, ’39, made a bequest of $20,000 to augment the Robert O. “Bob” Reynolds Scholarship in the Department of Athletics, which honors her late husband, a member of the class of ’36.

LYNN M. RISING, ’62, MBA ’68, named Stanford as the sole beneficiary of two IRAs. The gift of more than $100,000 established the Lynn M. Rising Scholarship Fund for undergraduates.
I Remember Stanford

☐ Please send me information about:
  ☐ Making a bequest to Stanford.
  ☐ Making a life income gift (e.g., charitable remainder unitrust, charitable gift annuity) to Stanford.
  ☐ Making a gift of real estate to Stanford.

☐ I have remembered Stanford in my estate plans as follows:
  ☐ I have named Stanford University as a beneficiary of a will or living trust.
  ☐ I have named Stanford University as a beneficiary in one or more of the following:
    ☐ IRA, pension, or other retirement account (e.g., 401(k) or 403(b) plans)
    ☐ Charitable remainder trust
    ☐ Life insurance policy
    ☐ Other (please specify): __________________________

Approximate amount of gift (optional): __________________________

☐ I have remembered Stanford in my estate plans as described above, and I wish to join the Founding Grant Society. I understand gifts to Stanford that are highly contingent in nature (i.e., where it is unlikely that the university will ever actually receive anything) do not qualify for membership in the Founding Grant Society.

Recognition options for the Founding Grant Society:
  ☐ Please list my/our name(s) in Founding Grant Society honor roll listings as shown below.
  ☐ Please do not include my/our name(s) in Founding Grant Society honor roll listings.

SIGNED

NAME(S) (PLEASE PRINT)

ADDRESS

CITY STATE ZIP CODE

PHONE

E-MAIL (OPTIONAL)

Contact the Office of Planned Giving
Toll-free: 800.227.8977, ext. 54358 (USA)
International: 001.650.725.4358
Fax: 650.723.6570 / E-mail: rememberstanford@stanford.edu
Web site: rememberstanford.stanford.edu

Bob Moore, ’61, MBA ’64, a member of the Founding Grant Society, celebrates his 50th reunion at Stanford Stadium.
TAX TIPS

Strategies for Giving Retirement Assets

Until the end of 2011, those over age 70½ had the option to distribute up to $100,000 from an IRA directly to Stanford without including the distribution in their gross income. This popular option has expired. Because Congress may possibly make it available later in 2012, if you are interested in this type of gift, you may wish to postpone taking minimum required IRA distributions until later this year. Many other planned giving opportunities still exist for IRAs and qualified retirement plans.

• Naming Stanford as a beneficiary of your retirement plan is a tax-efficient way of providing a gift for the university after your death. Assets from most retirement plans (other than Roth IRAs) are subject to income taxes—and possibly estate taxes—if left to an individual beneficiary. A charity that is named as the beneficiary does not pay income or estate taxes on the distribution. Thus, the full value of what is distributed can be used by the university for the purpose designated.

• Charitable gift annuities may be created with funds withdrawn from a retirement plan or IRA. The donor withholds a portion of the withdrawal to pay income tax on the amount withdrawn. Then the donor uses the balance to establish a Stanford charitable gift annuity, which pays the donor, or another beneficiary, annuity payments for life. A charitable income tax deduction will be available for a portion of the gift, which can help reduce the income tax to be paid on the amount withdrawn.

CONTACT US:
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001.650.725.4358 (Int’l)
650.723.6570 (Fax)
rememberstanford@stanford.edu
rememberstanford.stanford.edu

Gift Processing
866.543.0243 (U.S.)
001.650.725.4360 (Int’l)
650.723.0020 (Fax)
development-services@lists.stanford.edu
giving.stanford.edu

The Stanford Challenge Exceeds Bequest Intentions Goal

During the university’s campaign, The Stanford Challenge, Stanford reached an important goal: more than 1,500 alumni and friends let us know that they included the university in their estate plans. In fact, we learned of a total of 1,524 new bequest intentions during the campaign, which ended on December 31, 2011. These bequests will benefit countless students, faculty, research projects, and much more. Thank you!

If you are considering making a bequest, please contact the Office of Planned Giving, or return the reply form attached to this newsletter. Any bequest intention, no matter the size, qualifies you for membership in the Founding Grant Society.