When Steven and Karen Ross began planning their retirement, they debated what to do with their Palo Alto home. They had lived in the same house for 40 years, and the appreciation was going to translate into a significant tax burden.

A friend of Steve’s suggested he contact Stanford’s Office of Planned Giving to explore options. Even though neither Steve nor Karen is an alum, Stanford had long been an important part of their lives. “It’s our de facto university,” Steve explains.

What they learned was that they could contribute a partial interest in their home to a charitable remainder unitrust and retain the remaining portion. Upon sale of the property, they were able to use the proceeds from sale of the interest they retained to help them move to a retirement community nearby. The proceeds in the unitrust provide the Rosses with income payments for life and a meaningful way to support Stanford in the future.

This arrangement has had enormous benefits for Steve and Karen. “We turned the equity from our house into what it takes to get into a senior community, which is very expensive around here,” says Steve. “It was also a very good way to support an organization we feel connected to.”

A charitable remainder unitrust, like the one established by Steve and Karen, is an excellent vehicle for gifts of appreciated stock or property.
Steve and Karen Ross say their planned gift supports “an organization we feel connected to.”

because proceeds from the sale are generally not subject to capital gains tax at the time of the sale. With Stanford serving as trustee, the assets are invested by the Stanford Management Company and the beneficiaries—in this case, the Rosses—receive annual income payments.

The remainder of the trust will benefit Stanford's Haas Center for Public Service, which helps students engage in service and community partnerships. Steve says the mission of the Haas Center resonates for both him and Karen, as they are spending their retirement doing volunteer work. Karen sits on the boards of various non-profits in the mid-peninsula, and Steve works on adult and child literacy, and tutors elementary school students. “Supporting the Haas Center just made sense for us.”

Steve grew up next door to Stanford football coach Chuck Taylor, whom he described as his childhood idol. He and Karen met at Purdue University in Indiana, and then moved back to the Bay Area.

They raised their two children in their Palo Alto home and became dedicated Stanford men's basketball fans. In 1981, they volunteered to become a host family for international students coming to study at Stanford, through a homestay program organized by the Bechtel International Center. Over the years, they hosted almost 15 international students, and they have stayed in touch with many of them. Last summer, they traveled to Switzerland to visit a past homestay student; this summer, they will do the same in Spain.

Back home, the Rosses find themselves telling their friends about the benefits of setting up a charitable remainder unitrust. Steve says he and Karen were impressed with Stanford’s supportive staff, including Fred Hartwick in the Office of Planned Giving. “Fred worked closely with us to make sure we were asking the right questions,” Steve says. “We made a gift that we know will go a long way, and we’re very happy we did.”

“We made a gift that we know will go a long way, and we’re very happy we did.”

STEVE ROSS
THE BENEFITS OF A GIFT OF REAL ESTATE

When the time has come to sell an appreciated asset, such as stock or real estate, capital gains taxes can be a real concern. That’s one reason why many Stanford alumni and friends, including Steve and Karen Ross (see main story), choose to create charitable remainder unitrusts. This type of planned gift can provide a steady source of income now while benefiting Stanford in the future.

A unitrust is often funded with an appreciated asset, such as stock or real estate. The trustee usually sells the asset, invests the proceeds, and makes annual payments to the income beneficiary(ies). The amount of the annual payment is based on a percentage fixed at the creation of the trust that is multiplied by the fair market value of the unitrust assets, revalued at the beginning of each year. Donors usually name themselves as the income beneficiaries, though it is also possible to name others. At the end of the trust term, the remaining assets are distributed to Stanford for purposes designated by the donor. (For instance, the Rosses’ trust will ultimately benefit the Haas Center for Public Service.)

Because unitrusts are tax exempt, the sale proceeds on the sale of assets in the trust generally are not subject to capital gains tax at the time of sale, leaving full proceeds to invest in the trust and hence the opportunity for greater annual payments to the income beneficiaries than would occur using after-tax proceeds. This is often one of the primary motivations for creating a unitrust; the charitable income tax deduction to which the donors are entitled is another consideration.

For couples like the Rosses, the ability to fund the unitrust with a partial interest in a home may have additional financial and tax benefits. This arrangement generates cash for immediate use—helping to fund a transition to a retirement community—and continues to provide income payments throughout the beneficiaries’ lifetimes. In addition, if property being sold is a personal residence that a couple has resided in for two of the last five years, $500,000 of the gain is generally excluded from capital gains taxes ($250,000 for an individual). When a partial interest in a residence is used to fund a charitable remainder trust, this entire exclusion amount may be applied to the portion that is not contributed to the charitable remainder trust, resulting in greater after-tax proceeds.

If you are interested in a gift that will provide income to you or loved ones now and a future gift to Stanford, a charitable remainder unitrust may be a good option to explore. For more information, please contact the Office of Planned Giving. We would be delighted to hear from you.

Is Giving Real Estate Right for You?

If you are interested in making a gift to Stanford and your answer to any of these questions is “yes,” a gift of real estate may be a good option for you. Contact the Office of Planned Giving to learn more.

Do you own residential, commercial, or undeveloped real estate that has appreciated in value—and you no longer wish to manage or maintain it?

Has your home risen in value beyond the capital gains tax exclusion rate?

Do you have a vacation home that your family no longer uses?

Would you like to use your real property to pay income to you for life?
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/We have named Stanford University as a beneficiary of a will or living trust.
  ☐ I/We 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 and purpose 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

EMAIL (OPTIONAL)

OFFICE OF PLANNED GIVING
650.725.4358
Fax 650.723.6570
rememberstanford@stanford.edu
plannedgiving.stanford.edu
RECENT ESTATE GIFTS

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

JUDITH BRANDT, ’82, made a bequest of $5,000 to the Department of Music.

BENJAMIN and SELMA CORNET, friends of the university, bequeathed $1,000 to the Stanford University Cancer Research Program.

ROBERT L. GREENBERG, JD ’54, bequeathed over $1 million, which was allocated to establish the Robert L. Greenberg Scholarship Fund in the School of Law.

PAULINE JACKSON, ’57, MD ’61, left $124,000 from her retirement plan to support the School of Medicine.

DUNCAN L. MATTESON, a Stanford parent and grandparent, designated $290,000 from his IRA to the Hoover Institution and the Department of Athletics, Physical Education, and Recreation.

JAYNE SEYDELL MILBURN, ’36, AM ’38, named Stanford as a beneficiary of her trust and life insurance policy, leaving $1.7 million to endow the Jayne Seydell Milburn Fellowship Fund, which provides financial support for graduate students in the School of Humanities and Sciences.

HERBERT C. PLOCH, ’61, left over $400,000, a portion of which supports the Iris B. Gerald Cantor Center for Visual Arts. The remainder of his gift is unrestricted.

JESSIE C. ROTHERT, ’41, left $25,000 for financial aid in memory of John and Margaret Calderwood and their son, Jack Calderwood, ’38, as well as $50,000 to the Buck/Cardinal Scholarship Fund in memory of Harlow Phelps Rothert, ’30, LLB ’36, and Jessie Calderwood Rothert, ’41.

KERRY SCHULZ bequeathed over $4.7 million for the upkeep of fountains, benches, flowers, and plants on the Stanford campus. Her bequest will perpetuate the beauty of the Stanford campus she so loved.

JO ANN SETZER and G. CAL SETZER, ’43, named Stanford as the sole remainder beneficiary of their charitable remainder unitrust, leaving unrestricted funds to the university.

ELIZABETH Y. SUFFEL made a bequest of $235,000 to The Stanford Fund for Undergraduate Education. She was the widow of G. Shumway Suffel, ’31, and the mother of Robert Suffel, ’65.

CARL M. WEBER, a former faculty member, bequeathed $376,000 to support the Department of Theater and Performance Studies.

PATRICIA WETMORE, ’45, designated $1.1 million to establish an endowed fund in the School of Medicine named for Dr. Clyde T. Wetmore, ’13, MD ’15, and Patricia A. Wetmore.