Plan Today for the Best Results

Recently published reports reveal that Americans gave more last year than ever before in support of their charitable interests. If recent trends continue, 2005 could be another record year for giving.

Fall has traditionally been the busiest season of the year for giving as people review their finances and take steps to complete the gifts they intend to make before year's end.

Keeping up with change

Changes in income, investment performance, and other factors make it important to carefully consider the best ways to make philanthropic gifts to Suffolk University.

This year, more than ever, you may find that time spent reflecting on the amount, timing, and form of your charitable gifts can help maximize benefits to you, Suffolk, and other charitable interests you support.

Extra tax savings

As you think about your plans for the remainder of the year, remember that our nation's tax laws feature strong incentives to encourage charitable giving. When you use cash, stocks, bonds, mutual funds, or other assets to make your gifts, you may enjoy substantial tax savings and other benefits—but only if you act on or before December 31.

Looking to the future

As you consider gifts you may make this fall, you may also wish to review your long-range financial and estate plans. By carefully planning today, you can help ensure continued economic security for you and your loved ones while you also make meaningful charitable gifts.

Read on for ideas that may be helpful as you take steps to fulfill your philanthropic goals for the remainder of 2005. We will be pleased to assist you and your advisors in any way.

Year-End Checklist

- Complete all gifts by December 31 to qualify for tax savings on this year's tax return.
- Keep all gift receipts and acknowledgment letters, especially for gifts of $250 or more.
- For maximum tax benefits, consider giving securities that have increased in value and that you have owned for more than one year.
- If you sold securities this year and will owe capital gains tax, remember that gifts of cash or other securities may partially or fully offset any tax on your gains.

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Make Your Gifts in the Best Ways

If you are planning to make charitable gifts between now and December 31, you may benefit from paying special attention to both the timing of your gifts and the property you choose to give.

What to give?

Contributions of cash and by check are the most popular means of making charitable gifts. When making gifts of cash to the University, it is possible for those who itemize their deductions to eliminate tax on up to 50% of their adjusted gross income (AGI). Gifts in excess of this amount may be used to reduce taxes in up to five additional tax years.

While other tax-deductible amounts such as mortgage interest, taxes, and medical expenses are largely fixed, the amount and timing of your charitable gifts are totally within your control—giving you more flexibility when planning to minimize your tax liability for 2005.

Give “paper profits”

If you normally make gifts of cash, you may want to consider the additional benefits of giving other property.

For example, Paul and Barbara normally make their gifts in the form of cash. After speaking with their tax advisor, however, they decide to fund their gifts this year using stock that has increased in value.

By donating the stock to Suffolk, they are allowed a tax deduction for its full value including their “paper profits.” In addition, they will not be subject to capital gains tax that would be due if the stock were sold.

Save taxes and diversify investments

Ron owns securities that have grown in value since he purchased them. They yield no income and he thinks they may have peaked in value, but he is reluctant to sell them because of the capital gains tax he would owe.

He instead uses these securities to fund his charitable gift to Suffolk this year. In so doing, Ron enjoys an income tax deduction for the full value of the donated assets while avoiding any tax on their increased value.

Ron then uses cash he would otherwise have contributed to purchase investments he believes may grow in value in the future and also yield current income. As a result, Ron has diversified his holdings while he enjoys a new, higher cost basis. If his new investments increase in value, he will have less gain to report on a future sale. If their value decreases, he may be able to deduct his loss for tax purposes.

Benefit from losses

If you own securities that are worth less than you paid for them and you doubt they will soon regain their value, consider selling them and giving the cash proceeds.*

You are then entitled to a deduction for the amount of your cash gift while there is also a reportable loss for tax purposes. This may result in tax deductions that total more than the current value of the investment.

* Congress has temporarily suspended various limits on gifts of cash for qualified contributions made after August 28 through the end of this year.
Timing Gifts for Greatest Savings

No matter how you choose to make your gifts, it is important to take steps to assure your gifts are completed in time to provide full benefits for you and your charitable interests in 2005.

Gifts of cash or checks

Make sure your gift is personally delivered or mailed in an envelope postmarked no later than December 31.

Gifts of securities

If you own securities and have the certificates in your possession, send a signed stock power and the unendorsed stock certificate to Suffolk in separate envelopes.

Your gift is complete on the date of the later postmark if the envelopes are not postmarked on the same day. For other securities or mutual funds, consult us and your financial services provider for specific instructions.

Gifts from retirement accounts

For those age 59½ and older, retirement accounts can be a convenient “pocket” from which to make charitable gifts. Recent and proposed tax legislation may make such gifts more attractive between now and the end of the year. Check with your tax advisors for more information.

Planning for the Future

The end of the year may also be a good time to review your long-term plans, with special attention paid to how they may include a “gift of a lifetime.”

Charitable gifts can be made from your will or from arrangements you may already have in place, or you may choose to use special charitable giving tools that feature current tax savings, increased income, and other benefits.

Gifts from existing plans

You can provide for Suffolk and other charitable interests in one or more of the following ways:

- Through your will or living trust. There is no limit to the amount that can be given in this way free of federal estate and gift taxes.
- As beneficiary of all or a portion of the remainder of retirement plan accounts. This can help avoid possible double taxation of those funds.
- To share in the proceeds of life insurance policies no longer needed for their original purpose.

Gifts from special plans

Charitable trusts and other plans can enable you to make gifts today while generating income for yourself and/or your loved ones. You may also benefit from professional asset management, capital gains, and other tax savings. Check with us or your advisors for more information about these opportunities.

Caught in the AMT Trap?

A growing number of taxpayers have been surprised to learn that they owe additional taxes due to the Alternative Minimum Tax (AMT). While many deductions and adjustments are ignored or added back for AMT purposes, charitable gifts remain deductible for both the regular and alternative minimum tax.
Give Now and Later

The amount one can leave at death to loved ones free of estate tax has gradually increased as part of a plan to eventually eliminate federal taxes due on one's estate at death.

Regardless of what Congress finally decides about estate tax elimination, higher thresholds and lower rates already in place will serve to greatly reduce the impact of estate taxes for many Americans.

If you believe your estate will pass to others tax free, or if you are not sure if estate taxes will apply in your situation, you may want to arrange for a future charitable gift to Suffolk today.

By doing so, you can enjoy immediate income tax savings and other financial benefits while still providing for a significant charitable gift as part of your long-range plans.

Known as "life income" gifts, these plans offer one or more of the following incentives:

- Generous fixed or variable income payments for life or another time period you determine
- Income tax savings based on the full value of the assets
- Diversification of investments while reducing or eliminating capital gains tax
- Professional asset management
- Reduction of probate expenses

We will be pleased to provide more information to you and your advisors about ways to make current and future plans that benefit you and make available exciting charitable planning opportunities.

You can provide for the future of Suffolk University while you accomplish other important personal and financial goals. We will be pleased to assist you and your financial advisors in the planning process. For more information without obligation, please contact:

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