The University of Virginia has always looked to the future with bold aspirations. Today, it can do so with confidence, thanks to the generous and thoughtful support of alumni, parents and friends who have chosen to contribute to the University through planned gifts. This guide offers an introduction to your planned giving options.

**What Is a “Planned” Gift?**
A “planned” gift is one of several types of gifts that permit you to provide a future benefit to UVA while meeting your current financial, personal and philanthropic goals. Unlike providing immediate support to the University through an outright contribution of cash, securities, artwork or other tangible items, planned gifts provide a future stream of support that enables the University to plan for future programs and projects with confidence. As with all gifts to the University, the future benefit of your planned gift will be applied to the University school or program you select for purposes you define.

Additionally, a planned gift often offers you and your family significant tax benefits, greater financial flexibility, and even lifetime income. Regardless of its form, your planned gift helps provide a secure foundation for the University’s future.

**Make a Gift in Your Will—Providing Future Support**
If you would like to provide a future benefit to UVA, but you are not yet comfortable giving away assets you might need to meet your future financial needs, you might consider including the University as a beneficiary of your will, living trust, retirement account or life insurance policy. While providing a future benefit to the school or program of your choice, you will retain maximum lifetime flexibility and can adjust your beneficiary designation as your personal needs change.

The assets you designate for the University will be eliminated from your taxable estate at your death, and you will be assured that 100% of your designated amounts will be applied fully to the area(s) of your choosing.

**“Life Income” Gifts—Payments for Life; Remainder to the University**
If you are comfortable making a donation of assets now but would like to receive a regular payment stream for the rest of your life, one of several “life income” gift plans might be perfect for you.

A Charitable Gift Annuity (CGA) is a simple contract with the University to pay you and/or your designated beneficiary a fixed annuity for life. At the end of the contract term, the remainder will be distributed to the University school or program of your choice for the purposes you designate.
A Planned Gift continued

Similar to a CGA, a Charitable Remainder Trust (CRT) can be funded with a wide range of assets, including securities, cash or real estate. A CRT provides regular payments to you and/or other beneficiaries you designate for life or for a selected term of years. The remainder is then put to use by the University as you direct.

With a “life income” gift, you will be eligible for a current income tax deduction, will receive a regular payment stream, will remove the assets you contribute from your taxable estate, and will provide much-needed future support to the University.

Planned Gifts—Flexibility to Meet Your Needs

This introduction covers the basics of some of the most common types of planned gifts. Each gift type has many variations, and you will almost certainly find one that will provide you with the flexibility you desire and the confidence that you have provided welcome support to the University school or program that meets your passion.

The Office of Gift Planning looks forward to working with you and your advisors to help you structure a gift plan that meets all of your goals.

The Cornerstone Society—Letting Us Say Thank You

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You may significantly reduce gift or estate tax, be eligible for a current income tax deduction, and you will be able to witness, during your lifetime, the tangible impact your dollars are making on your designated area at the University.

How Can We Help You?

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June 2017
Giving through Your Will or Living Trust

A GIFT FOR THE UNIVERSITY’S UNRESTRICTED USE

By designating your gift be for unrestricted use, you provide vital funds, allowing the University to address its most pressing needs at the time your gift is realized.

“I give to The Rector and Visitors of the University of Virginia, a Virginia public corporation located in Charlottesville, Virginia, the sum of $__________ [or property described herein] [or ___ percent (___%) of the rest of my estate] to be used by the University in its discretion for its general purposes.”

A GIFT TO BE USED FOR A SPECIFIC PURPOSE

You may instead designate your gift for a specific school or program, or for a specific purpose, such as a scholarship or graduate fellowship, for research support, capital improvements, or any program that captures your imagination and speaks to your passion.

“I give to The Rector and Visitors of the University of Virginia, a Virginia public corporation located in Charlottesville, Virginia, the sum of $__________ [or property described herein] [or ___ percent (___%) of the rest of my estate] to be used by ___________________ for the following purpose: _______________."

If you want your gift to benefit a particular school or program, we recommend that you ask the Office of Gift Planning to review your provision to ensure that your wishes can be carried out.

How Do I Include the University in My Will or Living Trust?

You may make a gift through your will or your living trust by including specific language outlining your support for the University. You may designate a specific amount, a specific property, or a portion of your entire estate; and you may choose exactly how you want your gift to be used. You might consider using the language provided above in your will. If you have a living trust, simply modify your trust language directing your trustee to make the desired distributions.

Estate gifts have been key to the success of the University of Virginia since its inception in 1817. As support for higher education from the Commonwealth of Virginia has continued to decline, such gifts have become increasingly important.

Alumni, parents, faculty and friends who make gifts to UVA through their will enable the University to strengthen its national reputation by offering an outstanding student experience, nationally ranked athletic programs, exposure to fine and performing arts, and opportunities for public service.

They advance leading-edge research in science and technology and further scholarship in the humanities. When you create or revise your estate plans, we hope you will consider including the University among your beneficiaries.
My Estate Plan continued

You also may designate the University as a full or partial beneficiary of your retirement account. More information on how to make this type of gift is available in the Retirement Plan Assets brochure.

Why Should I Include the University in My Estate Plan?

Your gift ensures that the values and traits that define the University will endure for generations to come. In addition, you and your estate can benefit from your gift designation. A gift through your will is:

Comfortable – Putting your gift in your will allows you to retain your assets throughout your lifetime.

Flexible – Your gift can be directed to any University school or program you choose.

Revocable – You may make changes to the beneficiaries of your estate throughout your lifetime.

Tax Wise – Your gift to the University will not be subject to estate tax.

Have You Included UVA in Your Estate Plan?

If you have already included the University in your estate plan, we are grateful! We encourage you to let us know so that we may thank you appropriately. We understand that some donors may prefer to keep their estate gifts anonymous and, at the University of Virginia, your requested degree of anonymity will be honored. However, sharing your gift information helps the University fully understand the vision behind your intentions and ensures that there is a plan in place for implementing it. It also can inspire others to give similarly. Notifying UVA of your gift does not obligate you or your estate in any way.

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With today’s low interest rates and roller coaster markets, you may be searching for a reliable and secure way to supplement your retirement income. When you establish a charitable gift annuity at the University of Virginia, you will receive guaranteed, fixed income payments for life. We can say this with confidence as all gift annuity obligations are set aside in a reserve fund and backed by the full financial assets of the University of Virginia Foundation.

Attractive Rates
When you compare our gift annuity rates with what you might receive from a certificate of deposit, you will likely be pleasantly surprised. For example, the rate of an annuity for a 70-year old is 5.1%. At age 80, the rate is 6.8%, and if you are 90 or older, you would receive 9.0%. In other words, a $100,000 gift annuity would provide a 90-year-old person with an additional $9,000 every year.

Regular Payments
When you establish your gift annuity, you decide how often you want to receive your payments. While most annuitants receive their checks or direct deposits every quarter, others choose monthly payments. Whatever you choose, receiving regular payments on a specific date is helpful for budgeting purposes.

Fixed Guaranteed Income
Your payment rate will be locked in at the time you fund your gift annuity. It will not rise or fall with the economy. Instead, it will be the same every year.

Income for Life
Gift annuities are for life. No matter what your age as an annuitant or how long you live, your payments will continue to be paid to you.

EXAMPLE:
A CHARITABLE GIFT ANNUITY

A charitable gift annuity is one of the most popular ways to continue the tradition of excellence at the University of Virginia. Here’s how it works:

Mr. Kimble is 72 years old. He funds a gift annuity with $25,000 in cash.

Based on his age, he will receive an annuity rate of 5.4%.

He will receive a quarterly check in the amount of $337.50, of which $244.69, or 72.5%, is tax-free.

Mr. Kimble will also be eligible for an income tax charitable deduction of $10,815.75.

When Mr. Kimble dies, the money left in the gift annuity will go to support the University in the way he had previously designated in his gift annuity contract.

continued
long you live, your payments will continue to the end of your life. And if you set up a two-life gift annuity, when one person dies, the other continues to receive the same amount for the rest of his or her life. This benefit of ongoing payments can provide security for each spouse.

**Dependable Source**

The University of Virginia Foundation stands behind all of our gift annuities. We have a reserve fund set aside to meet our obligations and, what’s more, we back up our annuity obligations with the full financial assets of the Foundation. We want you to feel safe and secure and to have confidence that your payments will continue without fail.

**Relief from Taxes**

Since part of your contribution for a gift annuity is considered a charitable donation by the Internal Revenue Service, you will receive an immediate income tax charitable deduction to apply to your tax return. Also, during your lifetime, you may be able to claim part of each annuity payment as tax-free income.

**Simple Process**

Setting up a gift annuity with the University of Virginia is simple. It can be funded with a minimum of $5,000 in cash, marketable securities, or even real estate. If you fund your annuity with appreciated assets, a portion of your capital gains tax is avoided and the remainder is paid over an extended period of time. Note: The University offers gift annuities in most but not all states. Call the Office of Gift Planning to determine if your state is eligible.

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**DON’T NEED THE INCOME TODAY? TRY A FLEXIBLE (DEFERRED PAYMENT) GIFT ANNUITY**

Like a charitable gift annuity, a flexible (deferred payment) gift annuity offers you an income for life, based on your life expectancy, and an immediate tax deduction. The difference is in the timing of the payments. With a flexible gift annuity, you pick a date a year or more in the future to begin receiving payments. By deferring payments, you receive a larger income payment and a larger charitable deduction. For example:

**Mr. and Mrs. Baker (both age 60) are interested in funding a gift annuity to support the University. They plan to retire at 65 and want to find out how a five-year deferral will affect their annuity income. Here is a comparison between a deferred annuity and a non-deferred annuity, using a $50,000 gift.**

<table>
<thead>
<tr>
<th></th>
<th>Gift Annuity Immediate</th>
<th>Gift Annuity Deferred to 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>3.9%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Funds Placed in the Gift Annuity</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Charitable Deduction</td>
<td>$7,701</td>
<td>$8,595</td>
</tr>
<tr>
<td>Annuity Payment</td>
<td>$1,950</td>
<td>$2,450</td>
</tr>
<tr>
<td>Quarterly Payment</td>
<td>$487.50</td>
<td>$612.50</td>
</tr>
<tr>
<td>Total Before-Tax Benefit to Income Recipients</td>
<td>$56,550</td>
<td>$61,250</td>
</tr>
<tr>
<td>Tax-free Portion of Annuity Payment</td>
<td>$1,429</td>
<td>$1,664</td>
</tr>
<tr>
<td>Estimated Benefit to UVA</td>
<td>$263,130</td>
<td>$286,754</td>
</tr>
</tbody>
</table>

By deferring annuity income payments for 5 years, the Bakers receive a larger immediate charitable income tax deduction. They also increase their income and, potentially, the size of their gift to the University.

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**How Can We Help You?**

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The Charitable Remainder Trust: A Great Way to Give—and to Receive

A charitable remainder trust is a wonderful way simultaneously to make your gift to the University of Virginia and create a reliable income stream for you and the beneficiaries you select.

How Does It Work?
A charitable remainder trust (CRT) can be funded with a wide range of assets, including securities, cash or real estate. A CRT provides income to you and/or other beneficiaries you designate, for life or for a selected term of years. The remainder is then put to use by the University as you direct. When funded at the minimum funding level of $50,000, the University of Virginia will serve as trustee of your trust, and the trust assets may be invested with trust investment pools within the University’s endowment.

Relief from Taxes
If you establish a CRT, you may be eligible to receive several tax benefits, including a bypass of capital gains tax, a current charitable income tax deduction, and a reduction in estate taxes. Your tax adviser will help you determine how each of these benefits applies in your specific situation.

Regular Payments—A Great Way to Supplement Your Income
You and your beneficiaries will receive regular payments from the trust for the entire trust term. Payments typically range between 5% and 7% of the trust value if the University serves as trustee.

If you establish a charitable remainder annuity trust (CRAT), your annual payment will be a fixed percentage of the initial value of your trust. Your trust “annuity” payment will not fluctuate from year to year based on market performance.

If you instead establish a charitable remainder unitrust (CRUT), your annual payment will be a fixed percentage of the trust’s principal as it is revalued each year. Thus, your “unitrust” payment will increase when the trust value increases but decrease if the trust value decreases.

Example: A Charitable Remainder Trust

Mr. and Mrs. Smith are 69 years old. Together, they fund a charitable remainder unitrust with $75,000 in appreciated securities.

Based on a 6% unitrust payment, the Smiths will receive in the first year a $4,500 unitrust payment. In the following years, that amount will change based on the trust’s annual value. The unitrust payment will be paid to both of the Smiths while they are both living, then to the survivor for the rest of his or her life.

In addition to their annual payments, the Smiths will be entitled to a charitable income tax deduction of $25,041.75 in the year they establish their trust.

The money left in the trust after the Smiths have died will support the University in the way the Smiths designated when they set up their trust.

continued
Typically, your annual payment will be made in quarterly installments, but when you establish your trust, you can decide how often you want to receive your payments.

**Make an Impact at the University of Virginia**

At the end of the trust term, the assets remaining in the trust will be distributed to the University school or program you select for the purposes you define. For example, you might direct that the remainder be distributed for the University’s unrestricted use, to fund a scholarship or professorship in your name, to help with capital improvements or historic preservation, or to support a particular research program in any one of the University’s departments.

**Real Estate and a “Flip” Trust**

If you want to fund a trust with a gift of real estate (or other hard-to-sell assets), you might want to establish a special kind of CRUT known as a “Flip” CRUT. Until the trust sells the real estate, your annual payments will consist only of the net income of the trust. After the sale, however, you will begin receiving annual unitrust payments.

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Maximizing a Tax-free Gift of Retirement Account Assets

For many individuals, a retirement plan is an important building block for future financial security. Many people enjoy significant growth in their accounts over time, comfortably benefiting from years of the assets’ tax-deferred growth. Retirement plan assets can include your individual retirement account (IRA), pension plan, profit sharing plan, employee stock ownership plan (ESOP), 401(k) or 403(b).

If your retirement account is not depleted during your lifetime, any assets remaining will be subject to income tax in the hands of your beneficiary, regardless of who that person is and regardless of the size of your estate. If that person is not your spouse, your estate may also have to pay estate tax on those assets. In some cases, the combination of the two can mean that your heirs could receive as little as 50% of the entire value of your account.

When you name the University of Virginia as a full or partial beneficiary of your retirement plan account, all taxes will be avoided and 100% of your gift will provide support for the University. This means that you not only maximize the impact of each dollar in your plan, you also maximize your impact on the University school or program you wish to benefit.

Make a “Bequest” of Retirement Account Assets

Making a “bequest” (a gift at the end of your life) of your retirement plan assets is easy. You simply request a new beneficiary designation form from your plan administrator and add the University or one of its schools or programs as a full or partial beneficiary. To complete the form, you will need the name and tax identification number of your beneficiary. For example, if you want to designate your account for the use of a particular University school or program, you would list the name and tax ID of the school or program on the form. The University will then receive your retirement assets free of income and estate taxes, allowing you to make the most impact on the University.

Can you identify this building? Each month, we will randomly select a name from those who submit the correct answer. The winner will receive a small keepsake. Send to giftplanning@virginia.edu.

virginia.edu/giftplanning

continued
of the University, you should designate the “Rector and Visitors of the University of Virginia” (tax i.d. # 54-6001796) as your beneficiary. If you wish to support a particular University school or program, designation and tax identification information can be found at www.giving.virginia.edu/federal-tax-id-numbers. Please note that if you are married, your spouse may have to consent to your designation.

You may decide to allocate a specific portion or all of your remaining plan assets for the unrestricted purposes of the University of Virginia. Unrestricted gifts provide vital funds that allow the University to address its most pressing needs as they arise.

Or, you may want your gift to support the University in perpetuity. You may do so by establishing an endowed scholarship, graduate fellowship, or professorship that will broaden the educational and professional opportunities for generations of young people. In this case, you would include the name of your endowed fund on the beneficiary designation form.

If you have a specific purpose in mind, we encourage you to consult with the University’s Office of Gift Planning before completing your designation.

Whatever your passion or philanthropic focus, you can find a way to express it through a gift to the University of Virginia. Communicating your intentions helps the University fully understand your philanthropic goals and ensures that there is a plan in place for implementing and achieving your vision.

What About a Current Gift of My Retirement Account Assets?

Current law requires that you pay income tax on any plan withdrawals during your lifetime even if you immediately donate the assets to a charity. However, if you are already required to take minimum required distributions from your account, and you don’t need that “mandatory” income for your own support, you can use those distributions to make an outright gift to the University, to establish a charitable gift annuity, or even to create a charitable trust. You will be eligible to claim a charitable income tax deduction based on the value of your contribution.

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Making a Real Impact with Real Estate

Despite fluctuations in the real estate market, owning real estate has been a wonderful investment over the years. But, if your vacation home, vacant lot, farm, or office building has lost its usefulness or has become expensive or cumbersome to maintain, your property could make an excellent gift in support of the school or program of your choice at the University of Virginia.

What Are My Options for Donating Real Estate?

MAKE AN OUTRIGHT GIFT
If you give your real estate outright to the University, you will be eligible for a charitable income tax deduction based on the full fair market value of the real estate. You will avoid the capital gains tax you would have had to pay if you had sold the property.

A generous gift of real estate can help the University uphold its high standards of honor and academic rigor, offer an outstanding student experience and provide opportunities for public service.

EXAMPLE: AN OUTRIGHT GIFT

Sam wants to make a gift to support UVA but many of his assets are illiquid. The undeveloped land he bought several years ago for $10,000 was recently appraised for $100,000.

If Sam sells the land himself, he will owe $13,500 in capital gains tax and pay the expenses of sale; but if he gives the land to UVA, he will not recognize any capital gain, will be eligible for an income tax deduction for the land’s full $100,000 fair market value, and will have removed the value of the property from his estate. Most importantly, Sam will have made a meaningful contribution to his designated school or program at the University.

EXAMPLE: A CHARITABLE REMAINDER TRUST

Joyce owns a parcel of land, purchased for $250,000, which recently appraised for $500,000. At 60, Joyce is ready to retire and wants to supplement her income. If she sells the property, she will incur $73,500 in capital gains tax, realtor fees and other expenses.

Instead, Joyce transfers her land to a 6% “Flip CRUT.” She is eligible to claim an immediate income tax charitable deduction of $161,385 and will receive quarterly income payments for life. When the land is sold, Joyce will receive an annual 6% “unitrust” payment. At her death, the remaining assets in the trust will be distributed to the University for the purposes she has designated.

FUND A CHARITABLE REMAINDER TRUST
Real estate can be used to fund a special kind of trust called a “Flip” Charitable Remainder Unitrust (“Flip CRUT”). A “Flip CRUT” document is drafted and your property is transferred to the trust. Once the property is sold, the trust will provide you with annual payments for the rest of your life or for a term of up to 20 years. Prior to the sale, any income the property may generate will be distributed to the income beneficiary from the CRUT. Payments from the trust are based on a set percentage between 5% and 7% of the total trust value each year. These payments begin on January 1 of the year following the sale of the property. In addition, continued
Impact with Real Estate continued

you will be eligible for an immediate income tax deduction.

At the end of the trust term, the remaining assets will pass to the University to be used for the purposes you designate. You will also have removed the assets from your estate, eliminating any estate tax which may otherwise be due.

Make a Gift Through Your Will or Living Trust
Some of the earliest gifts to the University have been gifts of real estate given through wills and living trusts. Designating the University a beneficiary of a gift of real estate in your will could save your estate thousands of dollars in taxes. Your gift of real estate may be designated for the University’s general use or for support of any of the 11 University schools or numerous programs. We encourage you to let us know about your gift. Sharing this information helps the University fully understand the vision behind your intentions and ensures that there is a plan in place for implementing them.

Give the Remainder Interest in Your Home—and Retain the Right to Live There
If you want to receive a current income tax deduction for the gift of your home to the University, but you would like to continue living there for the rest of your life, you could give a “remainder interest” in your home and retain a “life estate” for yourself. You will be eligible for a current income tax deduction based on the value of the remainder interest you have given, and you will retain the right to live in and maintain your home for the rest of your life.

Give a Fractional Interest
On a case by case basis, the University may accept a gift of a fractional interest in real estate. You will be eligible for a charitable income tax deduction equal to the appraised value of the interest you transfer.

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Leaving a Legacy for the University of Virginia

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children, or other dependents when we die. They are often used as an integral part of a “wealth replacement” estate planning strategy to provide funds for estate taxes owed at death.

But when an existing policy is no longer needed in whole or in part to satisfy its original purpose (the children are grown, the spouse is well provided for), the policy can be an ideal asset to fund a charitable gift larger than anything you might be able to fund during your lifetime.

Naming the University as a Beneficiary of Your Policy

As you may know, life insurance proceeds are a taxable portion of your estate when you die unless you designate your spouse or a charity as your beneficiary.

By designating the University as the beneficiary of your life insurance policy, this asset will be eliminated from your taxable estate at your death, and you will be assured that 100% of your designated amounts will be applied fully to the University school, unit or program you designate for the purposes you define.

Your designation will ensure a legacy of support for the University often far greater than you might imagine, while other assets in your estate will still be available for your family and other beneficiaries.

Designating the University as a beneficiary of your policy is simple—just request a beneficiary designation form from your life insurance company and complete it accordingly. Note that, because your designation is revocable, you will retain maximum flexibility during your life to adjust your beneficiary designation if your personal or family needs change.

Naming the University as Owner and Beneficiary of Your Policy

If you no longer need a policy for which you have paid all premiums owed (a “paid-up” policy) or a policy for which you have made all current premium payments but for which additional premiums are owed (a “partially paid-up” policy), you might consider transferring ownership of the policy to the University and designating your preferred school or program as beneficiary of the policy proceeds.

virginia.edu/giftplanning
EXAMPLE

Mr. Smith wants to fund a scholarship benefiting students at the University, but he knows that his modest retirement income won’t provide enough resources to fund the scholarship during his lifetime.

Fortunately, Mr. Smith has a partially paid-up $125,000 life insurance policy with an annual premium of $2,500 and a current cash surrender value of $75,000. Originally purchased to take care of his minor children, the policy is no longer a necessary part of Mr. Smith’s estate plan now that his children are grown.

If Mr. Smith transfers ownership of the policy to the University, he will receive a current charitable income tax deduction for the fair market value of the policy which the Office of Gift Planning can help him obtain.

In each subsequent year, Mr. Smith will contribute $2,500 cash to the University, which will in turn pay the policy premium. Mr. Smith will be eligible to claim a charitable income tax deduction for each cash contribution made.

At the end of Mr. Smith’s life, the $125,000 in insurance proceeds will be used to establish Mr. Smith’s scholarship.

By giving the University his insurance policy, Mr. Smith will be able to fund a charitable gift much larger than he had thought possible during his lifetime, and he will have created a thoughtful and important legacy for the University’s students.

How to Contact Us

call 434-924-7306 or 800-688-9882 (toll free)
email giftplanning@virginia.edu
web virginia.edu/giftplanning

The Office of Gift Planning mailing address is PO Box 400807, Charlottesville VA 22904-4807.

The University of Virginia does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.