

A Guide to

PLANNED GIVING



AT SCHOOLCRAFT COLLEGE



The HENRY ROWE
SCHOOLCRAFT Society

“**MAKING A PLANNED GIFT THROUGH THE HENRY ROWE SCHOOLCRAFT SOCIETY IS A WAY OF PLANNING FOR SCHOOLCRAFT COLLEGE’S FUTURE ALONG WITH YOUR OWN. MEMBERS ARE RECOGNIZED IN HONOR OF HENRY ROWE SCHOOLCRAFT.**”

Henry Rowe Schoolcraft Society

The Henry Rowe Schoolcraft Society was established to honor donors who make gifts in special ways. Members are recognized for their support of the Schoolcraft College Foundation through a planned gift. The many vehicles of planned giving include bequests, charitable gift annuities, charitable remainder trusts, and insurance policies, and each are explained further in this brochure. Making a planned gift through the Henry Rowe Schoolcraft Society is a way of planning for Schoolcraft College’s future along with your own. Members are recognized in honor of Henry Rowe Schoolcraft.

About Henry Rowe Schoolcraft 1793–1864

“As a scholar, author, Indian agent, and explorer, Henry Rowe Schoolcraft was influential in the early development of the state. In 1822, he was an Indian Agent at Sault Sainte Marie for the tribes of Lake Superior. In 1828, he helped organize the Historical Society of Michigan. From 1837–1841, he was a member of the first Board of Regents of the University of Michigan. Among other writers, James Russell Lowell and Henry Wadsworth Longfellow were inspired by books about Indians written by Schoolcraft. Longfellow gained his material for the poem ‘Hiawatha’ from Schoolcraft.”

Samuel Hudson
Reaching Out... A History of Schoolcraft College

The making of an appropriate significant charitable gift is an art. Like any form of art, it is a creative process that is transformed by the needs and wishes of the donor. We strongly urge donors to consult with their own tax and legal advisors for a full discussion of the implications of their planned gifts. The discussion of income and estate tax reductions from planned and deferred gifts that follows is not meant to imply that these are reasons for making gifts. Rather this brochure is provided as a guide to select the most beneficial way to make your commitment, keeping in mind your personal goals and objectives.

The Development Office presents donors with financial options that benefit both the donor and Schoolcraft College. Many of our financial vehicles, such as gift annuities, deferred gift annuities, and trusts, provide the donor with income for life. These vehicles pay a rate of return that can exceed Money Market Fund and CD rates. In addition, some of these vehicles avoid capital gains taxes and reduce estate taxes. We also work with donors who make gifts through their estates while preserving assets for their current needs.

WAYS TO GIVE

Gift by Check

A gift by check may be made outright or pledged over a period of up to five years. If you itemize your tax deductions, your gift is fully deductible up to 50 percent of your adjusted gross income. Any excess can be carried forward for up to five additional years. Additionally, Michigan taxpayers are eligible for a 50 percent tax credit up to \$200 for couples and \$100 for individuals if you itemize. If you wish to designate the use of your gift, you may do so at the time you make the gift by enclosing a brief note.

Appreciated Securities

Your outright gift of long-term, appreciated securities (stocks, mutual funds, and bonds which are held for longer than 90 days) is exempt from capital gains taxes and, in most cases, enables you to obtain a charitable income tax deduction equal to the market value of the securities at the time of transfer for up to 30 percent of your adjusted gross income. Any excess can be carried over for up to five additional years.

Gifts of Closely Held Stock

An owner of closely held stock may donate the stock to the Foundation and receive important financial benefits. Closely held corporations are corporations whose stock is owned by family members and/or by business associates. The stock is private in that it is not publicly traded, and in most cases there are restrictions on the transfer of the stock to third parties.

Donors considering a gift of closely held stock must not enter into a prior written agreement with either the closely held corporation or a potential third-party purchaser. The transfer should be an arms-length, independent transaction.

Gifts of Real Estate

You can make a gift of commercial or residential real estate to the Foundation and receive substantial financial benefits. If you wish to give the property outright, you qualify for a charitable income tax deduction based on the appraised value of the property. If you are contemplating leaving your home to the Foundation through your Will or estate plan, you may want to consider giving it now but retaining the right to live in it for your lifetime. You will continue to pay taxes, insurance, and maintenance costs. However, by giving now, you receive a substantial charitable income tax deduction in the year the gift is made.

Gifts of Personal Property and Other Assets

Some of our friends find they have hidden assets that can help them in satisfying their philanthropic goals. Antiques, paintings, and other "collectibles"—even patents and copyrights—can be valuable assets for giving. In many cases, the same favorable tax rules apply to these gifts as apply to gifts of securities and real estate. Please check with us on the feasibility and tax results of gifts of unusual items. Some restrictions apply to gifted items that are not related to our purposes.

Gifts of Life Insurance

A common hidden asset for giving is a life insurance policy that is no longer needed for its original purpose. Let's assume that your family has grown and there is no need for retaining the \$50,000 policy purchased many years ago. The policy has a cash value of \$20,000. You can make Schoolcraft College Foundation the owner and beneficiary of the policy and continue to pay the premiums. You'll gain an immediate tax savings of \$6,600 (a \$20,000 deduction at an assumed 33% income tax rate). And you'll gain additional tax deduction savings for the premiums you pay in future years. These savings can pass to your beneficiaries. And the full \$50,000, with no reduction for estate tax, will come to us to benefit future generations of students.

Deferred Gifts

There is a special category of gifts known as "deferred" gifts, "planned" gifts or "life income" gifts. These are gifts that can provide you with an immediate income tax deduction, but also may afford other benefits such as lifetime income, future continued use of the gift property, avoidance of capital gains tax and other advantages. Some deferred gifts, such as bequests, provide primarily gift and estate tax savings. Here in brief, is an overview of these highly beneficial gift methods:

Charitable Gift Annuity

The charitable gift annuity is among the oldest, simplest and most popular methods of making a planned gift. A gift annuity is a simple contract between the donor and the Foundation. In exchange for a transfer of cash, marketable securities or under some circumstances, real property, the Foundation will contract to pay a specified annuity to the donor and/or another beneficiary. Payouts may be made annually, semi-annually, quarterly, or monthly.

BENEFITS FROM A \$10,000 GIFT One Life Charitable Gift Annuity*

Age	Payout Rate*	Annual Income	Tax Deduction
65	6.0 %	\$ 600	\$ 3,110
70	6.5 %	\$ 650	\$ 3,594
75	7.1 %	\$ 710	\$ 4,155
80	8.0 %	\$ 800	\$ 4,696
85	9.5 %	\$ 950	\$ 5,099
90	11.3 %	\$1,130	\$ 5,615

*Examples based on a discount rate of 4.2% and ACGA rates adopted on 7/1/2003.

We can also provide examples based on two lives.

Deferred Gift Annuity

A deferred gift annuity is similar to a charitable gift annuity, except that the payments are deferred to a future date. In addition, the donor obtains a substantial charitable income tax deduction in the year the gift is made. A deferred gift annuity is an excellent way for younger donors to make a gift and receive a charitable income tax deduction while providing income for the future.

“A DEFERRED GIFT ANNUITY IS AN EXCELLENT WAY FOR YOUNGER DONORS TO MAKE A GIFT AND RECEIVE A CHARITABLE INCOME TAX DEDUCTION WHILE PROVIDING INCOME FOR THE FUTURE.”

BENEFITS FROM A \$10,000 SINGLE LIFE Deferred Gift Annuity*

Age	Payout Rate**	Annual Income	Tax Deduction
40	20.1 %	\$ 2,010	\$ 3,120
45	15.7 %	\$ 1,570	\$ 3,313
50	12.3 %	\$ 1,230	\$ 3,440
55	9.7 %	\$ 970	\$ 3,453
60	7.0 %	\$ 700	\$ 3,395

* Figures based on a discount rate of 4.2% and ACGA rates adopted on 7/1/2003.

** Deferred to age 65.

We can also provide examples based on two lives.



BENEFITS OF A \$100,000 CHARITABLE REMAINDER TRUST for a Donor Age 75*

Payout Rate	Annual Income	Charitable Income Tax Deduction	
		Annuity Trust	Unitrust
5%	\$ 5,000	\$ 58,836	\$ 60,874
6%	\$ 6,000	\$ 50,603	\$ 55,634

*Figures based on a discount rate of 4.2 %.

CHARITABLE REMAINDER TRUSTS

The charitable remainder trust is similar to other types of trusts except that the amount distributed at its termination is paid to a charitable beneficiary. A charitable remainder trust is an irrevocable trust that provides lifetime income and a charitable income tax deduction. The donor selects the payout rate, usually between 5 percent and 7 percent. The higher the payout rate, the lower the charitable income tax deduction. This gives the donor, and perhaps the donor's spouse, an annual income for life. Donors may choose from two types of charitable remainder trusts: the annuity trust and the unitrust. The annuity trust pays a fixed, guaranteed dollar amount regardless of the trust's investment performance. The income rate is determined at the time the trust is funded. The annuity trust is best for donors who seek a regular, fixed income and prefer to have the satisfaction of knowing the amount of the payment in advance.

**"CHARITABLE
REMAINDER TRUSTS
PROVIDE A LIFETIME
INCOME AND A
CHARITABLE TAX
DEDUCTION."**

Alternatively, the charitable remainder unitrust pays the donor a predetermined percentage of the fair market value of the trust's assets as revalued annually. If the trust's assets increase, the donor receives a larger payment, providing a hedge against inflation. Furthermore, additional contributions may be made to a unitrust.

Funding a charitable remainder trust with appreciated, long-term, capital gain securities or real estate can augment the available tax benefits because the grantor can avoid the potential capital gain tax that would result from an outright sale of the property. Avoidance of capital gain tax coupled with a current charitable income tax deduction can substantially reduce the cost of such a transfer.

Annuity Trust and Unitrust

An annuity trust pays a fixed, guaranteed dollar amount regardless of the trust's investment performance.

A unitrust pays the donor a predetermined percentage of the fair market value of the trust's assets as revalued annually. Additional contributions may be made to a unitrust.

Capital gains taxes are avoided on transfers of appreciated assets.

Estate taxes may be avoided or diminished.

FUNDING TUITION THROUGH CHARITABLE GIVING

Parents often ask for information on ways in which they can provide for their children's education at Schoolcraft College or another institution. The cost of tuition can represent a financial burden for many families, and some early financial planning may help. Parents and grandparents are often surprised to find that charitable giving can provide attractive benefits and tax savings and can greatly assist in offsetting the expense of tuition. Because tuition at Schoolcraft College is approximately \$3,000 a year, let's look at ways that we can produce \$3,000 a year through charitable gift planning.

Deferred Gift Annuity

One of the more attractive ways to provide a stream of income to offset the cost of tuition is through a deferred gift annuity. A deferred gift annuity is a simple contract between the donors and the Foundation. The donors make a gift to the Foundation and, in return, receive a fixed income for life, beginning at a predetermined age, usually as their children approach the college years. The income continues throughout retirement. The payment rate is determined both by the age of the donors at the time the gift is made and the age at which the donors wish to begin receiving the income. The donors also receive a charitable income tax deduction in the year the gift is made.

For example, assume Mr. and Mrs. Jones, ages 40 and 41, have two children, ages 8 and 4. In approximately 10 years the oldest of their children will reach college age. To help anticipate college cost and to make a charitable gift, Mr. and Mrs. Jones make a gift of \$20,000 to fund a deferred gift annuity.

“ONE OF THE MORE ATTRACTIVE WAYS TO PROVIDE A STREAM OF INCOME TO OFFSET THE COST OF TUITION IS THROUGH A DEFERRED GIFT ANNUITY.”

Through the deferred gift annuity, Mr. and Mrs. Jones will receive an income beginning at ages 50 and 51, when their first child enters college. The income yield is 13 percent which provides an income of \$3,560 annually. They will also receive a charitable income tax deduction of \$3,427 in the year the gift is made.

CHARITABLE REMAINDER ANNUITY TRUST/CHARITABLE TUITION TRUST

Parents may also consider establishing a charitable remainder annuity trust. A charitable remainder annuity trust, sometimes referred to as a charitable tuition trust, is ideal for parents who wish to make a gift to the Foundation, and at the same time provide income to their children to offset tuition while realizing substantial tax savings.

Parents establish a charitable tuition trust for a term of four years, during which period the income from the trust is paid to the student and taxed at the student's lower income tax rate. After four years, the trust passes to the Foundation's endowment fund in the family's name with the income from the fund used to support an educational purpose at the Foundation. You may designate the purpose, such as scholarship support or a program related to your child's major or field of study.

A \$50,000 charitable tuition trust established for a four-year period paying 7 percent generates an income of \$3,500 annually and produces a charitable income tax deduction of \$36,990. In addition to the charitable income tax deduction, further tax savings are possible by making a gift in the form of long-term appreciated securities, thus avoiding capital gains taxes. All gifts to the Foundation are irrevocable, and you should consult with your lawyer, accountant, or financial advisor to ensure that the deferred gift annuity or charitable tuition trust is structured to meet your particular needs.

GIFTS BY WILL OR LIVING TRUST

A bequest is the most traditional way to provide significant help for worthwhile causes. For many donors, making a gift through a Will or Living Trust is the most realistic way to provide a substantial contribution to the Foundation. We have listed several common forms of charitable bequests with the hope that one type of bequest will fit your individual needs. Further information is available upon request.

Summary of Benefits—

A gift through your estate reduces or may eliminate federal estate taxes.

Most states provide estate or inheritance tax benefits for gifts through an estate to nonprofit organizations.

Membership in the Henry Rowe Schoolcraft Society.

Specific Bequest

The Foundation receives a specific dollar amount, a specific piece of property, or a stated percentage of the estate. This is one of the most popular forms of bequests.

"I bequeath (the sum of \$_____ OR Description of Property) to Schoolcraft College Foundation, a Michigan nonprofit corporation located in Livonia, Michigan, to be used or disposed of as its Board of Governors in its sole discretion deems appropriate."

Residuary Bequest

The Foundation receives all or a stated percentage of an estate after distribution of specific bequests and payment of debts, taxes, and expenses.

"I devise and bequeath (all/or percentage) of the remainder of my property to Schoolcraft College Foundation, a Michigan nonprofit corporation located in Livonia, Michigan, to be used or disposed of as its Board of Governors in its sole discretion deems appropriate."

Contingent Bequest

The Foundation receives part or all of the estate under certain specified circumstances.

"If my husband/wife does not survive me, I bequeath the sum of \$_____ to Schoolcraft College Foundation, a Michigan nonprofit corporation located in Livonia, Michigan, to be used or disposed of as its Board of Governors in its sole discretion deems appropriate."

Restricted Bequests

If the gift to Schoolcraft College Foundation is for a purpose other than the Foundation's unrestricted use, insert the restriction in place of the words "to be used or disposed of as its Board of Governors in its sole discretion deems appropriate."

For example:

"I bequeath the sum of \$_____ to Schoolcraft College Foundation, a Michigan nonprofit corporation located in Livonia, Michigan, for the following use and purpose: (DESCRIPTION OF PURPOSE, i.e. Student Scholarships)."

***In the event a gift is subject to a restriction, we suggest including the following provision:**

"If in the judgment of the Board of Governors of Schoolcraft College Foundation, it becomes impossible to accomplish the purposes of this gift, the income or principal may be used for such related purposes and in such manner as determined by the Board of Governors."

Trust Established Under a Will

A trust may be established that provides for both the Foundation and other beneficiaries.

PROVIDE ASSISTANCE OUTSIDE YOUR WILL

It isn't difficult to add a charitable bequest to your Will. A simple codicil, drafted by your attorney, will get the job done. But there are also ways you can continue your support of our programs without changing your Will. Here are some ideas:

Life Insurance

You can name us the beneficiary of your life insurance; just contact the company. You may also consider transferring actual ownership of the policy to us, or buying a new policy for our benefit. Your gift will entitle you to an income tax deduction, and future premium payments will be tax deductible.

Financial Accounts

Most accounts at financial institutions can be payable on death to a person or a charitable organization. Ask the manager of the institution how you can arrange to designate a death beneficiary for your CD, savings account, share account, etc. in some areas this is accomplished through a "P.O.D." (payable on death) designation. Securities in a brokerage account can be left through a "T.O.D." (transfer on death) designation.

Benefits from Retirement Plans

People who have IRA, 401(k) plans and other retirement plans are often shocked to learn that as much as 70 percent of their accounts can be lost to taxes at their deaths. A combination of state and federal "death taxes" and income taxes can severely deplete your savings, leaving little remaining for your heirs. If you make us the beneficiary, however, 100 percent of all taxes would be avoided.

You can use your IRA to benefit both family members and our future, with excellent tax results. For example, you can leave your retirement account to a trust that will pay income for life (or a fixed term of years). Or you can leave part of your retirement account to us and the rest to family members. At the very least, consider making us the alternative beneficiary and give your heirs the right to "disclaim". Heirs who understand the severity of taxes may find it satisfying to have retirement assets pass 100 percent to a worthwhile cause.

It's simple to make a gift of an IRA or other retirement account. Just instruct the custodian of your account to name us as death beneficiary. IRS distribution rules make charitable designations both simple and attractive. The custodian can provide you with the appropriate forms.

SCHOLARSHIP FUNDS

Endowed scholarship funds provide financial assistance to worthy and needy students at the College. Scholarship funds can be tailored to meet your specific goals.

Endowed Scholarships

The minimum level to establish a named endowed scholarship fund at the Foundation is \$10,000. You may fund it now with cash, or fund it partially or completely through a planned gift and/or through a bequest from your estate.

Current-Use Scholarships

Current-use scholarship funds are awarded the year the gift is made. These funds do not grow but provide immediate financial assistance to Schoolcraft College students. You can create a named current-use scholarship for as little as \$1,600.



Your Own Endowment Fund

Creating an endowed fund provides permanent support to Schoolcraft College for teaching, learning, and research each year in perpetuity. The endowed funds of many friends of the Foundation have helped fund scholarships, building projects, and educational initiatives.

“THERE MAY BE NO FINER WAY TO HONOR THE MEMORY OF A LOVED ONE THAN TO ESTABLISH A SCHOLARSHIP OR AN ENDOWED PROFESSORSHIP IN THEIR NAME.”

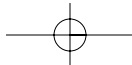
There may be no finer way to honor the memory of a loved one than to establish a scholarship or an endowed professorship in their name. A named endowment fund becomes a lasting symbol of the bond between the Foundation and those who are permanently honored.

NAMING OPPORTUNITIES

Endowed Chair	\$ 1,250,000
Professorship	\$ 1,000,000
Endowed Scholarship	\$ 10,000
Endowed Fund	\$ 10,000
Current-Use Fund	\$ 1,600

Facilities

Naming opportunities are also available for select facilities on campus. Naming opportunities and policies vary based on the location and type of facility. Please contact the Development Office for more information.



In Conclusion

This booklet describes various methods of tax favored giving to Schoolcraft College Foundation. We invite you to explore with us the many ways you can leave your mark on the future of Schoolcraft College. The Development Office is available to assist you and your advisors in achieving your charitable giving, estate planning and tax objectives. We are pleased to provide complimentary personal financial projections to you and your financial advisors. For additional information, please complete and return the response form or call 734-462-4463 or e-mail: plannedgiving@schoolcraft.edu

This booklet presents, at length, information about taxes and tax savings. And tax savings are important in planning a charitable gift. But the greatest advantage of your gift to Schoolcraft College Foundation will be your personal satisfaction in assuring the vitality of the College and its programs for today's students and for generations of students yet to come.





SCHOOLCRAFT COLLEGE FOUNDATION

PLEASE SEND ME MORE INFORMATION ABOUT:

- Establishing a named fund
- Making a gift of appreciated securities
- Receiving income from my gift
- Making gifts of real estate
- Making a gift through life insurance
- Providing for the Foundation in my Will
- Charitable Remainder Trusts
- Other _____

Name: _____

Address: _____

City: _____

State: _____

Zip: _____

Phone: _____

SEND TO:

Schoolcraft College Foundation

Attn: Planned Giving



Schoolcraft College

18600 Haggerty Road

Livonia, Michigan 48152

734-462-4501

plannedgiving@schoolcraft.edu

Schoolcraft College Foundation was founded in 1966 to remove the financial barriers that often prevent individuals from pursuing higher education. The funding priorities of the Foundation are grounded in the core values of Schoolcraft College, specifically the belief that higher education should be accessible to the greatest number of our constituency. Schoolcraft College Foundation strives to achieve its purpose of transforming lives by pursuing the following goals:

To **enable** students, who may otherwise be unable to afford a Schoolcraft education, to pursue higher education through Foundation scholarship awards.

To **educate** and inform donors and potential supporters how the quality of Schoolcraft's programs are enhanced through private support.

To **identify** and attract donors and volunteers from among Schoolcraft's student, staff, business, civic and private constituencies.

To **foster** the sense of community and involvement achievable when the constituency invests, participates and takes ownership of an outstanding institution.

To **serve** as a diligent steward of donations entrusted to Schoolcraft, and to honor donors and the purposes to which their gifts are directed.

To **facilitate** understanding of the various financial instruments available to individuals to assure that their giving satisfies their desire to support the Foundation through the most advantageous and responsible use of their assets.

To **demonstrate** excellence, professionalism, and the highest ethical standards of philanthropy, reflecting our regard for donors and enhancing the exemplary image of Schoolcraft College.





**SCHOOLCRAFT COLLEGE
FOUNDATION**

Schoolcraft College
18600 Haggerty Road
Livonia, MI 48152

www.schoolcraft.edu/foundation

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