

# Forward Thinking

Financial, estate, and gift planning ideas for Webster University alumni and friends

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FALL 2014

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## Up in “Armes” in Support of Education!

Martha Armes arrived on Webster’s campus as a scholarship student in the fall of 1955 and graduated four years later ‘armed’ with a theatre degree. Fifty-five years later she still exclaims, “I would match the education I received at Webster against any school. Webster’s well-rounded education has served me well!”

Her Webster education served her initially in the classroom but eventually took flight to Paris where she directed English-language plays. Ultimately settling

in New York City, Martha purchased a small apartment on a fashionable street.

Martha previously shared her desire to remember her older sister Winifred, who, during the Great Depression, was denied access to higher education. Recognizing that the sale of her long-time home would create a taxable event, she timed the creation of “The Winifred Armes Memorial Scholarship Fund” to coincide with that sale. The resulting charitable deduction largely offset Martha’s tax obligation. However,



Martha Armes '59

she went one step further! Rather than funding her scholarship with cash from the sale, Martha instead gave securities purchased long ago. Through this choice, she was able to forego capital gain taxes on the appreciated value of the securities. Her gift of a lifetime

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## Message from the President



Dr. Elizabeth  
(Beth) J. Stroble

Webster University is engaged in a year-long Centennial Celebration. As I reflect on our astonishing history I recognize that none of our exceptional work would have been possible if not for those who came before us. The Sisters’ of Loretto leap of faith during the turbulence of World War I defied conventional thinking. Their transfer of ownership to a lay board amid the unrest of the 1960s paved the way for today’s innovative global institution. We experienced challenges along our journey—challenges always met by loyal alumni and friends who shared our mission to

ensure high quality learning experiences that transform students for global citizenship and individual excellence. Through the generosity of Martha Armes and others, our generation ensures that Webster University students continue to make exceptional contributions to our shared world in Webster’s second century.

*Beth Stroble*

### Inside:

- Philanthropic opportunities and tax benefits
- Don’t forget this “pocket”

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## “Armes”

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thus became eminently manageable.

In her letter to future scholarship students, Martha shares, “Winnie was an avid reader of novels, histories and poetry. She carried a little notebook in which to write interesting quotes or lines of poetry. In her own way, she studied the broad interests of a liberal arts major. She was a kind, generous, faithful and beautiful sister and I hope this scholarship can fall to someone each year who will discover the rewards of the arts, literature, sciences and critical thinking.”

Watch Martha sharing her journey in her own words at [www.webster.edu/donors](http://www.webster.edu/donors). ■

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMXIV RFSCO, Inc. All Rights Reserved. NWX-14

## Sale of a Home, Business or Property Creates Philanthropic Opportunities and Tax Benefits

Alumna Martha Armes (story on Page 1) realized that the sale of her long-time home would create a taxable event, so she planned her scholarship gift to coincide with that event. She is not alone in finding creative solutions that have allowed her to achieve her philanthropic dreams for Webster.

### Sale of a business

Bruce sold his business at age 65 but planned to continue consulting for ten years. He and his wife expressed a desire to create an additional retirement income beginning at age 75. Their solution was to create a deferred charitable gift annuity. The ten-year deferral greatly enhanced their current charitable deduction, reducing the tax obligation of the company’s sale. Their gift will also create the future income they desire when Bruce fully retires. All remaining amounts in their annuity following their lifetimes will be used to endow a Webster scholarship in their names.

### Sale of the family farm

Ann decided it was time to sell her family’s long-held farmland. She also wanted to create a scholarship in memory of her aunt who taught at Webster for many years. Though Ann felt she had the resources to sustain herself, she recognized the possible need to someday access the income stream. The perfect solution for her was a flexible charitable annuity. Ann gave a portion of the sales proceeds to fund her annuity and elected to defer her income payments a minimum of 11 years. (Similar

to Bruce, the deferral period greatly increased Ann’s charitable deduction in the year of the taxable sale.) Ann might elect to access her income stream in that 11th year or beginning any year thereafter—and the longer she defers, the higher her annual income will be. Of course, Ann hopes to never need the income as she wants to provide the maximum benefit to future scholars. Her “safety net,” however, is in place if needed.

### Give your home and continue to live in it

Webster received a call from Slay, who had previously endowed a scholarship. He shared that it would be a burden for his cousins in another state to sell his home. He then asked, “Would it be okay if I simply left my home to the scholarship in my will?” Of course we thanked him for considering his plan, then asked our own question: “Were you aware that you can give your home now, continue living in it and be entitled to an immediate charitable income tax deduction?” Slay immediately included Webster’s gift planning team in meetings with his attorney and accountant, and made the gift soon afterward. For the remainder of his life he thanked Webster for lifting a burden from himself and his out-of-state relatives.

### Transfer assets into a charitable trust

Webster’s Gift Planning Office recently visited with an alumna about real estate she had purchased for eventual development. She plans

to sell the property, volunteering that the sale will create a significant taxable event. She also wishes to provide income for herself and her two daughters. Finally, she shared her vision to provide bequests to Webster and another organization.

We are now discussing the possibility of creating a charitable trust into which she would transfer her property prior to the sale. This arrangement would bypass capital gains, allowing 100 percent of the sales proceeds to generate income for herself and her daughters. Her

gift would also create a current charitable deduction. At the completion of the trust's term, the remaining assets would be utilized by Webster and the other organization as she directs.

### Other life events?

Perhaps circumstances in your own life hold the potential to create the gift of a lifetime! Inquiries are welcome, without obligation, by contacting Webster's Office of Gift Planning. Or visit our website at [www.webster.givingplan.net](http://www.webster.givingplan.net). ■



*Students chat beneath flags representing the 140 countries of Webster students.*

## Don't Forget this "Pocket"

If you are like many, a large portion of your total assets may be held in the form of tax-favored retirement plans. Such funds may actually represent another "pocket" from which to make either an immediate or future charitable gift.

If you are over age 59½, you may be especially interested in making gifts from these accounts, which can generally be accomplished without paying an early withdrawal penalty.

Although withdrawals would be taxed as income, the charitable deduction can result in no gift, income, or estate taxes ever being due on these funds.

When considering a charitable gift before December 31, you may find this to be a particularly convenient tax planning strategy.

### Avoid double taxation

Did you know that amounts remaining in retirement accounts that are left to individual heirs may be liable for both estate and income taxes? To prevent this, you may want to leave other

assets to loved ones through your will and/or other estate plans so that your heirs are liable only for the estate tax, if any, on their inheritance and will not have to pay income tax on the amount received as well.

You could then direct that all or a portion of the balance remaining in your retirement account go directly to your favorite charitable interests, free of all income and estate taxes. You thereby create a significant and lasting gift to Webster while providing more for your heirs.

### A practical gift

If you wish to provide loved ones with an income for life or another period of time, you may direct (in your will or trust) that all or a portion of your remaining retirement funds be used to establish a life income plan for their benefit, with a future gift to Webster. Estate taxes would be minimized, while steady, reliable payments would go to the person(s) you choose.

### It's your choice

As you can see, charitable gifts of retirement plans may be structured in a variety of ways. What they all have in common is the possibility for charitable interests to benefit from retirement plan assets that will not be needed for your own financial security or that of your loved ones, without having those funds needlessly consumed by income and/or estate taxes.

Gifts of excess retirement plan assets can be among the easiest to accomplish. For more information, please contact us or your retirement plan administrator.

**Note:** Those over 70½ should check with their advisors about the ability to make tax-free charitable gifts directly from a qualifying IRA. The provision allowing such gifts expired in 2013 but is widely expected to be renewed for gifts made in 2014. Check with your advisors for the current status of this provision. ■

# For More Information...

- I would like to learn about making a gift
  - through my will or living trust
  - of retirement plan remainders
  - of real estate
  - of securities
  - of life insurance
  - that provides me, or loved ones, with income.
  - that benefits Webster for a period of years, then is returned to me or family members.

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Name (please print)

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Address

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City State Zip

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Telephone (optional)

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Email (optional)

- I would consider including Webster University in my estate plans.
- I have already included Webster University in my estate plans.
- I am interested in making a gift to the University's Annual Fund and would like a University representative to contact me.

**THIS INFORMATION WILL BE KEPT STRICTLY CONFIDENTIAL  
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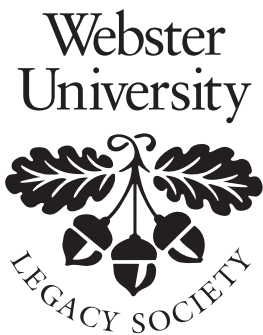
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**We're available to  
respond to your questions  
and prepare illustrations  
specific to your needs.  
Please contact, without  
obligation:**

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