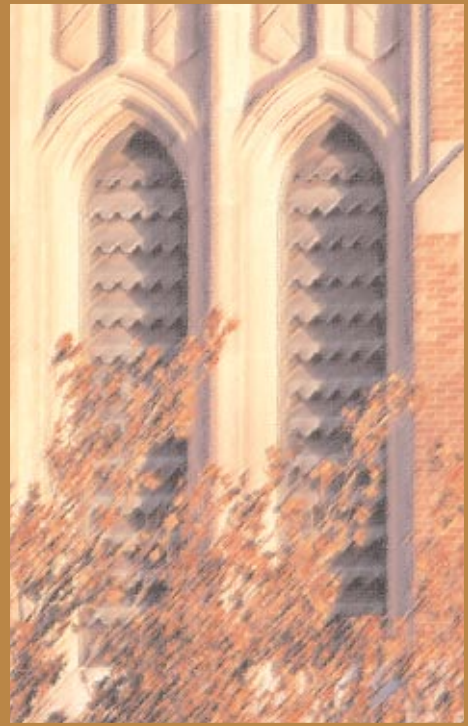


THE GUIDE TO GIVING

MICHIGAN STATE UNIVERSITY



THE CAMPAIGN FOR MSU

ADVANCING KNOWLEDGE **S** TRANSFORMING LIVES

UNIVERSITY DEVELOPMENT AND
THE OFFICE OF PLANNED GIVING

Michigan State University
300 Spartan Way
East Lansing, Michigan 48824-1005
(517) 884-1000 or (800) 232-4678
Fax (517) 432-1129



GREAT universities, like Michigan State University, thrive on challenge and imagination and grow on initiative and success. Each year, thousands of alumni and friends **SUPPORT** Michigan State University by contributing their time, talents, and money to a myriad of university academic, athletic and cultural programs. Indeed, private philanthropy represents an enormous **RESOURCE** that has enabled MSU's outstanding faculty and student body to **EXCEL** at teaching and learning, research in the humanities and sciences, and technological development. It is our hope that you will continue this tradition by remembering Michigan State University through current gifts, pledges, and **ESTATE PLANS** that fulfill your philanthropic wishes.

CURRENT GIFTS AND PLEDGES

This section of the booklet provides information on making current contributions to MSU. Current gifts can be cash contributions that you give now and from which MSU benefits immediately. They may involve pledges payable over a five-year period but are not considered gifts from your estate. Current gifts, often made in concert with and in support of gift planning strategies, can have a direct and immediate impact on MSU in general or the college or academic, athletic or cultural program of your choice. Included in this section of *The Guide to Giving* is information on where to send gifts and the types of gifts considered current, such as cash, securities, gifts of personal and real property, bargain sales, and gifts of closely held stock.



Alumni Memorial Chapel

GIFTS OF CASH

Gifts of cash consist of any immediate transfer of funds from you to Michigan State University. This can be accomplished through mailing a personal check made payable to Michigan State University. Credit card gifts are also considered cash. You may call with your credit card number, amount of gift and desired designation and the amount will be charged to your Discover, American Express, Visa or MasterCard. Our telephone numbers are 517-884-1000 or 1-800-232-4678. The University Development web site, located at www.givingto.msu.edu, also offers a safe and easy way to make a cash gift with your credit card. Simply access the site and follow the instructions, and your gift will be processed immediately with the latest security in internet technology.

GIFTS OF SECURITIES

Gifts of securities can be made easily when your broker transfers shares electronically to MSU. Michigan State University has accounts established with multiple brokerage firms. Please contact University Development at 517-884-1024 or 517-884-1000 to obtain the necessary information to complete a stock gift, be it an electronic (wire) transfer or a gift of an actual certificate(s).

Like many of us over the years, you may have accumulated stock that has significantly appreciated in value. You have a concern about selling the stock, since there may be as much as a 15% capital gains tax due on the difference between your original cost basis and the fair market value of the stock at the time you sell it. Here's a thought: if you are interested in supporting Michigan State University, consider donating some of your appreciated stock to MSU. That way, you can make a significant gift plus avoid the capital gains tax.

Current tax laws provide an incentive for you to make a charitable gift of stock at a remarkably low tax cost. The tax savings are achieved in two ways. First of all, you pay no capital gains tax when you

transfer (gift) appreciated stock to Michigan State University. Secondly, you may take a charitable income tax deduction for the full fair market value of the stock on the date of transferring (gifting) the stock to Michigan State University.

The stock value is determined by the average between the high and low trade values on the date the stock enters MSU's account. Whether making a stock transfer electronically or by any other means, you are requested to submit a letter to University Development, Attn: Gift and Data Services, explaining your intent to transfer (gift) the stock. The letter, which can be mailed or faxed to MSU's University Development office (fax number 517-432-1129), should contain the name of the stock, the number of shares, the gift designation, your name, address and broker reference information. Gifts of securities may be accepted but not negotiated by MSU without a signed letter of instruction/intent from the donor(s).

EXAMPLE

HOW YOU COULD MAKE A GIFT OF STOCK TO MICHIGAN STATE UNIVERSITY

Mrs. Johnson bought some stock many years ago for \$2,000. It is now worth \$10,000. An outright gift of her appreciated stock to MSU would result in a charitable income tax deduction of \$10,000. In addition, Mrs. Johnson will owe no capital gains tax on the \$8,000 of appreciation; thus avoiding \$1,200 in capital gains tax (representing a 15% capital gains tax rate for stocks held longer than 12 months).

In her 28% tax bracket, her \$10,000 gift to MSU reduces her taxable income by \$10,000. Consequently, she does not pay taxes on \$10,000 and thus saves \$2,800. Tax not paid is money saved. Mrs. Johnson's "real" out-of-pocket cost of her gift was not \$10,000, but \$7,200.

GIFTS OF TANGIBLE PERSONAL PROPERTY

A gift of tangible personal property, such as a work of art, rare books, stamp or coin collection, etcetera, entitles you to a charitable deduction based on the full fair market (appraised) value of the gift, if the gift complies with the standard of “related use” regarding the designation at and use by Michigan State University.

For example, a painting may be donated to the Kresge Art Museum or rare books to the MSU

Libraries for the exempt purposes of the university. A contribution of tangible personal property entitles you to a charitable deduction for the full fair market value of the personal property given, if documented by a legitimate appraisal originated, but not done, by the

donor(s). The charitable deduction is limited to 30% of your adjusted gross income (AGI) and may be carried forward, if necessary, for five consecutive tax years until completely utilized. Property accepted and received by MSU but “unrelated” to the exempt purposes of MSU, then sold to create your gift, entitles you to a charitable deduction for your cost basis in the property, subject to a 50% AGI ceiling. Here again, and if necessary, a five-year carryover period is available to take full advantage of the allowable charitable deduction. Contact the gift planning professionals within the MSU Office of Planned Giving for an explanation of the charitable deductions subject to the 30% and 50% Adjusted Gross Income Limitation Rule applicable to your gift and income scenario.

FEATURES & BENEFITS

- Opportunity to make a unique and substantial gift to MSU
- Realize an immediate charitable tax deduction
- Estate tax and probate savings
- Avoidance of capital gains tax
- If retained by MSU for “related” use, peace of mind knowing your personal property will be appreciated, maintained, and efficiently utilized by Michigan State University

BARGAIN SALES

A bargain sale is a mutually agreed upon sale of property to MSU or the MSU Foundation for less than its fair market value (perhaps your original cost basis). It is an ideal arrangement for someone who would like to receive a lump-sum cash payment and also make a current gift to MSU. You can recover your original investment and receive a charitable deduction for the contributed portion (the difference between the bargain sale

EXAMPLE

You’re ready to relocate to a retirement facility in another state. You know that you will need some of the equity in your current home for the entry fees there. But your home has appreciated significantly over the years, and you would like to use some of the excess value to make a gift to MSU.

You decide to transfer your home to MSU through a charitable bargain sale. You secure an independent appraisal stating that the house is worth \$500,000, and MSU agrees to pay you \$300,000. What are your benefits?

Asset contributed: Personal Residence	
Fair market value: \$500,000 (debt free)	
Cost basis: \$100,000	
Capital gain: \$400,000	
Purchase portion	\$300,000
Donation portion	\$200,000
Charitable deduction	\$200,000
Purchase portion of transaction (60%)	(\$300,000 / \$500,000)
Donation portion of transaction (40%)	(\$200,000 / \$500,000)
Portion of capital gain related to donation (40% of total)	\$160,000

The first \$500,000 of capital gain on your primary residence is excluded from tax, so neither portion of gain was taxed in this example. If you had donated a different piece of property, the \$240,000 gain related to MSU’s purchase would have been subject to capital gains tax.

price and the current appraised value of the property). However, the tax law specifically states that a portion of the cash recovered will be treated as a capital gain. Therefore, some capital gains tax will be due. Please consult your legal counsel, tax advisor, and/or the MSU Office of Planned Giving when considering a bargain sale gift. The gift planning professionals in the MSU Office of Planned Giving can prepare preliminary calculations, providing you a close estimate of your charitable deduction and capital gains tax liability.

The charitable bargain sale works like this:

1. MSU or MSU Foundation mutually agrees on a purchase price that is less than the property's fair market value, a fair market value has been determined by your independent appraiser.
2. MSU or MSU Foundation may pay the purchase amount upfront, or perhaps issue you an installment note reflecting a mutually agreed upon sales price, term of years and interest rate.

The bargain sale is the only charitable gift plan that can give you a lump sum of cash and a charitable deduction. In addition, you avoid capital gains tax on the portion of the transaction that is a gift to MSU.

Here are two things to consider if you are contemplating a bargain sale to/with MSU.

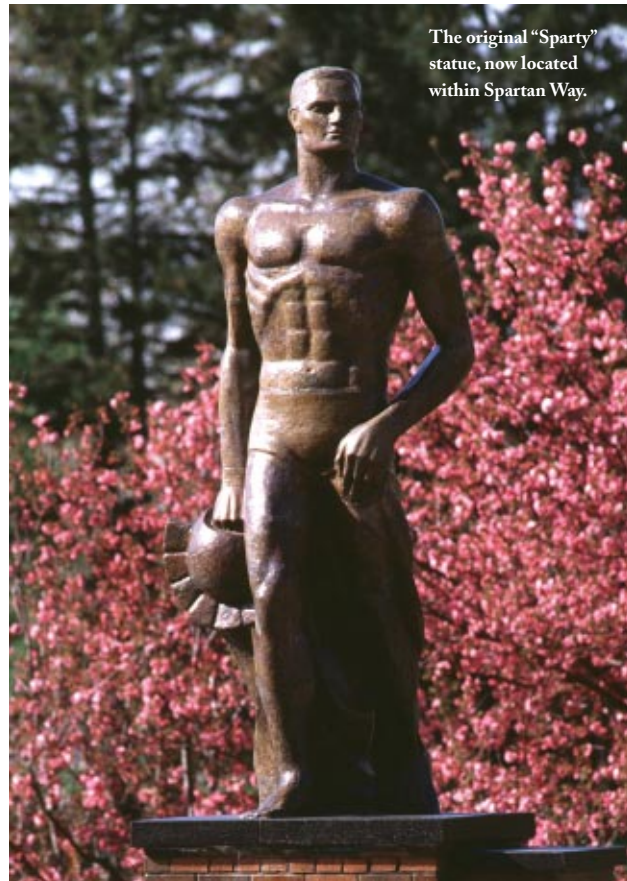
1. As with all gifts of real estate, the MSU Office of Land Management must review and approve the transfer.
2. You will need to secure, no earlier than 60 days prior to making your gift, an independent appraisal of the property to establish its value for the bargain sale and subsequent charitable deduction.

The gift planning professionals within the MSU Office of Planned Giving can advise you on these matters and procedures. Our phone number is 517-884-1000 or 800-232-4678.

FEATURES & BENEFITS

- Possible recovery of original investment
- Opportunity to make a substantial current gift to MSU
- Realize an immediate charitable tax deduction (subject to 30% of your AGI)
- Estate tax and probate savings
- Reduction in capital gains tax
- Ability to receive up-front cash from the bargain sale for personal use, relocation and/or new purchase

Note that if you gift MSU (and MSU accepts) property carrying debt—a mortgage or a lien—and MSU assumes and satisfies the debt, the IRS considers your donation to have been a bargain sale, even if we don't pay you any cash. The amount of debt we assume will be considered taxable income to you.



The original "Spartan" statue, now located within Spartan Way.

GIFTS OF CLOSELY HELD STOCK

A UNIQUE GIFT OPPORTUNITY

Individuals who own closely held stock may take advantage of unique gift opportunities. Business owners frequently hold stock with a low cost basis that has significantly appreciated as the business has grown. However, that stock typically has not paid a dividend. The owner, who usually controls the business, might want to distribute retained earnings from the business for personal use. Doing so causes the owner to be treated as though he or she received a dividend, resulting in a second tax on money already taxed at the corporate level.

Ideally, the owner has two goals: to avoid the second tax and to unlock some of the corporation's assets. Through a gift to Michigan State University (or the Michigan State University Foundation) of shares in the corporation, it is possible to accomplish these goals, and provide a meaningful gift to MSU.

The benefits of a gift of closely held stock are not unlike those of appreciated, publicly traded securities. The donor saves taxes twice: first with a personal income tax charitable deduction for the fair market value of the stock, and also by avoiding capital gains tax on the appreciation.

The additional benefit of this gift arrangement may be realized through the subsequent sale of the corporation's shares by MSU or MSU Foundation back to the corporation. The corporation's redemption of the stock reduces accumulated earnings and the accompanying tax liability, and the stock is removed from the donor's taxable estate. However, neither a sale nor redemption of the stock can be prearranged prior to making the gift to MSU.

Finally, the donor has the satisfaction of knowing that he or she has made a significant gift that will be used to meet the university's

highest priority needs, or support the college or academic/athletic/cultural program at MSU of interest to the individual donor(s). As long as MSU or MSU Foundation is not legally bound to sell the shares it receives, the donor(s) will not be treated as having received a dividend or realized a capital gain.

A donor enjoys similar benefits if a gift is made of soon-to-be liquidated stock. If the donor makes a gift of the stock prior to the corporation's adopting a plan of liquidation, he or she avoids tax on the capital gain when the shares gifted are redeemed.

To support a donor's claim of a charitable deduction, the Internal Revenue Service requires a qualified appraisal of any gifts of closely held stock where the claimed value exceeds \$10,000. A qualified appraisal means an appraisal conducted by an independent appraiser, unrelated to the donor or the corporation. Where the corporation's stock is periodically valued or recently has been appraised for some broader purpose, such as preparing an estate plan, the costs associated with a qualified appraisal will usually be lower. If consulted, the MSU Office of Planned Giving can provide additional information or clarification on the appraisal requirement.

A donor is entitled to a charitable deduction equal to the appraised value of his or her donated stock in the year the gift is made. Depending on the donor's adjusted gross income (AGI), the entire deduction may be taken that year. If, however, the charitable deduction exceeds 30% of the donor's AGI, the donor can carry forward any unused portion of his or her deduction for up to five additional years, deducting each year up to 30% of AGI, until the original charitable deduction is exhausted. With careful planning and by contributing a series of gifts over several years, the donor may be able to extend the amount of time available and thus make full use of the charitable deduction.

Closely held stock also offers unique advantages when used to fund an income-producing gift plan that provides an income to the donor or his or her spouse, children or other designated income beneficiaries. Gifts of closely held stock can be easily incorporated into estate plans.

In the following pages, three gift plans are discussed and compared. Planned giving professionals in the MSU Office of Planned and Major Gifts are happy to prepare a personalized illustration of how such a gift could benefit the owner of a closely held business and Michigan State University.

DESCRIPTION OF THE BASIC GIFT PLAN

The plan involves a donor giving stock in his or her company to MSU or the MSU Foundation, while ensuring that the donor retains control of the corporation (**hereafter, MSU**). Sometime after the stock is contributed, either the corporation or a third party has the opportunity to redeem or purchase the stock. This is true whether the gift is outright as in Gift Plan A, into a charitable trust as in Gift Plan B, or through a Will or Living Trust as in Gift Plan C.

It is important to consider whether the donor's corporation is an S corporation (S corp) or a C corporation (C corp). If the corporation is an S corp, a gift to Michigan State University will cause the corporation to lose its S corp status. However, there are situations in which the loss of S corp status may not be important to the donor, for example, if a donor is contemplating changing the corporation's status anyway, or if he or she is considering a sale of the stock to a third party. This action must be carefully reviewed and understood by the donor's counsel and other stockholders.

For illustration purposes, a gift of \$100,000 stock in a closely held C corp will be used in the following examples.

GIFT PLAN A OUTRIGHT GIFT OF STOCK

If the donor's desire is to retain legal control of the corporation, the portion contributed to MSU must be a minority interest. After a reasonable period of time, MSU seeks to sell the stock and realize cash proceeds from the gift to establish the endowment for the purpose(s) designated by the donor. The purchaser of the stock can be the corporation or a third party. Prior to receiving/accepting the stock, there cannot be an implied or written agreement for MSU to sell the stock.

There are a number of advantages to this gift plan for the donor. He or she receives, in the year of the gift, an income tax charitable deduction for the full fair market value of the stock on the date of the gift. The donor can utilize this deduction to offset other income. If the entire deduction cannot be used in the year of the gift, the donor can carry forward any unused portions for up to five additional years and reduce income tax in those years. Another significant tax benefit is that the donor can completely avoid taxation on the amount of appreciation (capital gain) in the stock. By contrast, if the donor were to sell the stock, he or she would pay a federal capital gains tax on the appreciation.

Consider the following example: If the donor contributed to MSU stock worth \$100,000 with a basis of \$10,000, he or she could escape taxation on the \$90,000 of gain. In addition, he or she would be entitled to an income tax charitable deduction for the full \$100,000. If the donor were to sell the stock for the same \$100,000, he or she would have to pay tax on the \$90,000 of capital gain. The federal capital gains tax would be payable in the year of the sale, thus significantly reducing the donor's available net proceeds.

Beaumont Tower



GIFT PLAN B

GIFTS TO A CHARITABLE REMAINDER TRUST WITH LIFETIME INCOME TO THE DONOR OR OTHER DESIGNATED INCOME BENEFICIARIES

Under this gift plan, a donor contributes his or her stock, not outright to MSU, but to a special charitable remainder unitrust. After an appropriate period of time, the trustee of the trust seeks to sell the stock and realize the cash proceeds. As with the other gift options, the buyer of the stock can be the corporation or a third party who is not a “disqualified person.”

The trust is designed to make payments to one or more beneficiaries the donor has selected. The donor, his or her spouse or other individuals may be designated as the recipients. The payments can be paid either for a specified number of years (not exceeding 20), for the lifetimes of the beneficiaries or possibly a combination of both options. At the end of the trust term, the remaining trust assets are transferred outright to MSU, to be used to meet the highest priority needs of the university or other purposes the donor has designated. The payout amount is expressed as a percentage of the fair market value of the trust assets, as valued each year. The donor is entitled to select that payout percentage, which must be at least 5%. Generally, the higher the stated percentage, the lower the donor’s income tax deduction. Donors usually select between 5% and 6.5%. MSU may serve as trustee if the terms and conditions of the charitable trust permit the university to accept this fiduciary responsibility.

A donor receives a number of important benefits for this type of gift. A lifetime income for the donor and others is a significant benefit and is one way of ensuring a stream of income to family members after the donor’s death.

The donor will also receive an income tax charitable deduction for the present value of the

trust assets that will ultimately pass to MSU. The amount of this deduction, however, will be less than that in Gift Plan A, because the donor receives or provides lifetime income from the charitable trust.

The charitable trust will pay no capital gains tax on the sale of the appreciated stock that is transferred to it. Therefore, the donor receives payments based on trust assets that are not diminished by the payment of tax on the capital gain realized when the trust sells the stock and reinvests the sale proceeds.

This plan is one of the few ways donors have to realize cash from a corporation without experiencing a taxable event. Quite often a corporate owner finds that he or she is better off financially by transferring some stock to a charitable unitrust rather than by selling the stock and reinvesting. And, the donor can continue to retain legal control of his or her corporation by contributing portions of the stock over time, as in the outright method discussed in Gift Plan A.

GIFT PLAN C GIFT OF CLOSELY HELD STOCK BY WILL OR LIVING TRUST

Some donors prefer to contribute their stock to MSU after their lifetimes through their estates by including a gift in their will or living trust. Donors who choose this method do not receive any income tax benefits during their lifetimes, but they do receive an estate tax charitable deduction.

To properly plan for a gift by will or living trust, it is necessary to determine how the stock is currently titled. Certain forms of title ownership determine how and to whom property transfers at death, rather than the language of the owner's will or living trust. Donors should consult their legal counsel for assistance in making a gift of closely held stock by will or living trust.



The Spartan Marching
Band tuba section.

PLANNED GIVING

The Office of Planned Giving at Michigan State University is dedicated to helping you define and execute your charitable intentions in the most efficient manner for you, your heirs and MSU. Through the creative process of having charitable giving strategies incorporated within your comprehensive estate plans, you can fulfill philanthropic goals, reduce income taxes, avoid capital gains and estate taxes, retain a life income, increase spendable income, and/or reduce costs of estate settlement, all while enjoying the satisfaction of providing significant future financial support for Michigan State University designated precisely per your wishes.

A primary purpose of this publication is to highlight the wide variety of gift planning strategies and charitable estate planning techniques available to individuals who wish to include Michigan State University in their retirement, estate, financial, and philanthropic plans. We invite your inquiries and would be pleased to discuss with you and your advisors how a planned gift to Michigan State University or the MSU Foundation may be arranged to meet your philanthropic and financial goals. The MSU Foundation provides significant grants and funding support to MSU and is steward of many planned gifts designated for Michigan State University.

Special Note: Examples are used throughout this booklet to illustrate the tax consequences of various gift options. Dollar figures representing the federal income tax charitable deduction for remainder interests in illustrations of life income plans are based on an assumed Federal mid-term discount rate of 5.4% and mortality table 80 CNSMT published by the IRS.

Charitable deduction figures in these examples will change monthly due to changes in the discount rate. The gift planning advisors in the MSU Office of Planned Giving would be happy to provide you with up-to-date illustrations applicable to your specific financial situation and areas of interests at MSU. You are invited and encouraged to call or write to the MSU Office of Planned Giving at the address in the front of this publication.



HAVE IT BOTH WAYS WITH A RETAINED LIFE ESTATE GIFT TO MSU

Though many people do not realize this, you can give MSU your home, condominium, farm, or vacation property and continue to enjoy its use for your lifetime. In return, you receive a charitable deduction, even though you continue to live there while maintaining its normal upkeep and paying the property taxes and insurance. This functional planned giving strategy is called a retained life estate.

FEATURES & BENEFITS

- You retain use of the property and enjoy the security of knowing you may live on and enjoy the property for as long as you (and your spouse, if you wish) live
- You continue to take care of the property, pay the taxes and insurance, and even receive any income it generates
- You realize an immediate charitable income tax deduction
- You avoid capital gains tax on the appreciation of your property
- The asset is removed from your taxable estate and, therefore, not subject to applicable federal estate tax. You also simplify the administration of your estate
- You receive lifetime recognition at full fair market value and become a member of the applicable major donor society at Michigan State University
- When your Retained Life Estate ends, MSU will use the proceeds from the sale of your property for the purpose you have designated

GIVE YOUR HOME BUT ENJOY LIFE USE

Let's assume you like the tax advantages that a charitable gift of your personal residence or farm would offer, but you want to continue living in your home for your lifetime. Perhaps you would like to retain the right to rent your house or make improvements. You may also want the surviving

spouse to enjoy life occupancy. But ultimately, you would like MSU to receive and benefit from the property. By deeding your home to Michigan State University or the MSU Foundation now (subject to the university's procedures and ability to accept the property), you may continue to live on the property.

CONSIDER THE TAX IMPLICATIONS

A gift to MSU of your personal residence or farm, even with some stipulations about occupancy, results in a charitable income tax deduction. But consider estate tax savings as well. When you leave your home to MSU by way of a retained life estate gift, the property is removed from your taxable estate and, therefore, not subject to federal estate tax(es). Determining the value of a charitable gift of the remainder interest in a personal residence or farm is complex. The gift planning professionals within the MSU Office of Planned Giving can prepare precise illustrations relevant to your personal situation and property.

GIFTS OF RETIREMENT PLAN ASSETS

Do you know that your remaining retirement plan assets are facing possible double taxation? If you leave these assets to any individual other than your spouse, you will generate "income in respect of a decedent." As a result, retirement plan assets may be significantly diminished by estate taxes and these assets are also taxed to the beneficiary(ies) as ordinary income. Undoubtedly, your decision regarding who receives the remainder of your retirement plan assets depends on your family members' needs and circumstances; MSU understands that family comes first. But if you can make alternative provisions for them using other assets, there is a much more efficient option for the disposition of your remaining retirement plan assets—direct them to Michigan State University as a charitable gift.

YOUR RETIREMENT PLAN MAY OFFER TAX ADVANTAGES

Individual account plans—such as an IRA, Keogh, 401(k) or 403(b)—resemble tax-sheltered savings accounts. If a participant dies before the entire account has been distributed, the remaining balance can be transferred to an heir or to MSU. The principal advantage of donating retirement plan assets to MSU is that you avoid all income and possible estate taxes, whereas giving the assets to individual heirs may trigger a total effective marginal tax rate (ordinary income and estate taxes) that is potentially incredibly steep—scenarios where the value of remaining retirement plan assets are reduced by 75% or more are not uncommon.

ALTERNATIVE WAYS TO GIVE RETIREMENT PLAN ASSETS

If you have already provided for your relatives in your estate plan, simply name MSU as the primary beneficiary of your retirement plan assets. But if you want to make sure you do not short-change your family, here are several other possibilities.

- Designate a percentage of your IRA or retirement plan assets to be “rolled-over” to a separate IRA with MSU named as the final or contingent beneficiary of the remaining assets.
- Name MSU the contingent beneficiary to receive the balance remaining as an outright gift after your or your spouse’s death. To implement your wishes, advise the plan administrator of your decision and sign whatever beneficiary form is required. For an IRA or Keogh plan you administer personally, you would typically notify the custodian in writing and keep a copy with your valuable papers.

The gift planning professionals within the MSU Office of Planned Giving are experienced in and knowledgeable about the methods and

ramifications of gifting retirement plan assets. Contact us to explore the possibilities and determine the benefits to you, your heirs and Michigan State University. The phone number and address are listed on the inside front cover.

EXAMPLE

Dee, a widow and MSU alumna, has two children. Dee and her husband accumulated a significant estate over the years. Dee would like to leave a significant portion of her assets to her two children. She would also like to remember and support MSU through a charitable bequest in her estate plan to establish an endowed fellowship fund in honor and memory of her family.

One of her assets is a \$500,000 IRA (Individual Retirement Plan), which she has currently designated to her children via the IRA administrator’s beneficiary designation form.

She visits her attorney to discuss her desire to leave a bequest to MSU. Her counsel informs her that if she were to die and leave the assets of her IRA to her children, after deducting approximately \$100,000 for federal and state income taxes and approximately \$250,000 for federal estate taxes (tax ramifications as a result of the value of her estate), her children would receive and divide the remaining \$150,000 (or 30 cents on each dollar that are currently in her IRA).

Instead, her counsel wisely recommends that she make her gift to MSU of and from her IRA. Because MSU is a 501(c)(3) tax exempt organization, the entire \$500,000 will be available to MSU at her death to fund the named endowed fund she desires, thus providing a perpetual stream of support for the benefit of Michigan State University.

USING RETIREMENT PLAN ASSETS TO FUND A CHARITABLE REMAINDER TRUST

Funding a charitable remainder trust (CRT) with retirement plan assets during life presents problems and is not advisable. In most instances, direct untaxed transferability of assets from a qualified retirement plan (representing income in respect of a decedent (IRD) assets) is prohibited during life. Withdrawing cash from a retirement plan for contribution to a charitable remainder trust during your lifetime makes the amount subject to income tax the year the funds are withdrawn from the qualified retirement plan. The grantor of the trust gets a charitable income tax deduction for only a portion of the funding value, representing the present value of the deferred gift from the charitable trust.

The most cost-effective approach is to make the transfer of all or a portion of remaining retirement plan assets at the death of the plan participant or surviving spouse directly to a tax-exempt,

FEATURES & BENEFITS

- The avoidance of income and possibly estate tax on “income in respect of a decedent” assets preserves the value of remaining retirement plan assets, thus increasing income for the surviving spouse during his/her lifetime
- Any and all remaining assets transferred to the CRT do so without being reduced by income or (if applicable) estate tax
- Reduction of asset values subject to estate tax at the surviving spouse’s death lowers possible estate taxes payable
- A significant future gift to MSU is assured which may be designated for the college or academic/athletic/cultural program of your choice

EXAMPLE

A WIN-WIN AND TAX EFFICIENT EXAMPLE

Paul is the retirement plan participant. He is married to Barbara and wants his retirement plan to benefit both of them for their lives and then, if any assets are remaining, his two children. As Paul and Barbara are both alumni of MSU, they also want to provide a future gift to their colleges but question, “can we accomplish both objectives and, if so, how?”

He understands whatever amount his children might receive from his retirement plan at the death of the surviving spouse (parent) will be subject to and reduced by income, and possibly, estate taxes. A planned gift to MSU can alleviate these taxes, while both benefiting his children as well as Michigan State University.

Rather than naming his children as contingent beneficiaries of the residual assets in his retirement plan, Paul creates (while he is still alive) a charitable remainder unitrust (CRUT) that will receive (at the death of the surviving spouse) 100% of the residual assets in the retirement plan account. This CRUT will pay, divided equally, a 5% stream of income to his adult children for a period of 10 years and then be transferred to Michigan State University to be used per Paul and Barbara’s wishes. Remaining retirement plan assets may pass to a charitable trust without being subject, and consequently reduced by, income or estate taxes. One hundred percent of remaining assets in Paul’s retirement plan will be received by the charitable unitrust (at the death of the surviving spouse) to generate income based upon a 5% payout. His children will receive a stream of income from 100% of the market value of remaining assets in Paul’s retirement plan and MSU will receive a significant future gift at the termination (10 years from funding date) of the charitable remainder unitrust benefiting their children. When MSU receives Paul and Barbara’s gift from their CRUT, two endowed funds will be established for the benefit of their respective colleges.

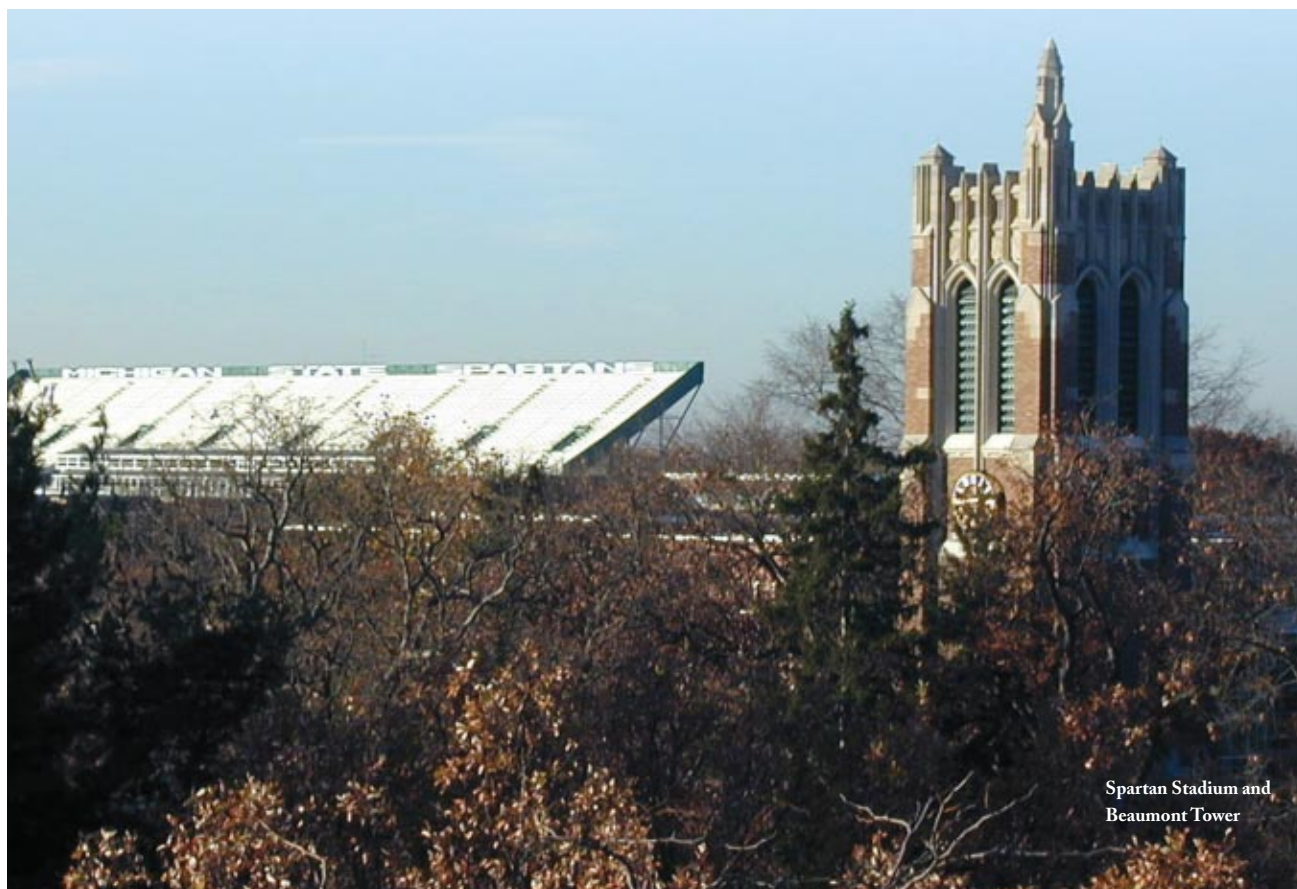
irrevocable charitable remainder trust naming Michigan State University as the charitable remainderman (beneficiary). A testamentary (at death) transfer of remaining retirement plan assets can provide excellent tax and income benefits for you, your family, and Michigan State University. Also, a charitable remainder “unitrust” previously funded with conventional assets can receive an additional contribution of the remaining retirement funds upon the death of the plan participant.

In many scenarios, the income recipients from a testamentary charitable remainder unitrust funded with remaining retirement plan assets may receive (over the actuarial life or period of years governing the term of the charitable trust) far more income than they would have retained had they received the remaining retirement plan assets outright—subject to income and possibly estate taxes—especially when the recipients are non-spousal heirs (children, friends, relatives).

GIFTS OF NEW OR EXISTING WHOLE-LIFE INSURANCE POLICIES

Life insurance can play an important and significant role in charitable gifting. To avail yourself of this planned giving opportunity, the MSU Foundation should be named as sole beneficiary and owner of the life insurance policy. Your annual gift(s) to the MSU Foundation for the premium payments will qualify for a charitable deduction in the year your gift or gifts for the premium are received.

Paid-up existing life insurance policies are also immediately eligible for a charitable tax deduction on the computed current value of the policy in the tax year the MSU Foundation is named owner and beneficiary. Contact the MSU Office of Planned Giving for more information on the criteria and guidelines for recognition in any of MSU’s major



Spartan Stadium and
Beaumont Tower

donor societies through a gift of life insurance.

We realize that if you need your life insurance for the future financial security of your family, those concerns must come first. But there are ways you can fulfill personal requirements and still remember Michigan State University.

- Name MSU as beneficiary, but keep ownership to retain control of your policy(ies). However, this method does not permit membership in MSU's major donor societies nor a charitable deduction.*
- Create a trust to receive the policy proceeds. The funds are then invested for a family member's support after your lifetime. When that person dies, the remaining assets in the trust can be paid to MSU.*

**These aforementioned charitable insurance options will not entitle you to an income tax charitable deduction, but they will satisfy your desire to use the policies for personal and family responsibilities as long as required and then provide a significant future gift to Michigan State University.*

FEATURES & BENEFITS

- Making annual gifts and continuing to pay premiums allow you to claim the premium amount as an annual charitable deduction on your federal income tax return (provided MSU Foundation is the owner and beneficiary and you itemize your deductions)
- Estate taxes are reduced because the proceeds are completely removed from your taxable estate so long as you do not retain any incidents of ownership
- You can use life insurance to replace the value of a current gift or charitable bequest to MSU, thus replacing those assets for your family or heirs

WEALTH REPLACEMENT TRUST

You may give property or assets either outright or to one of the university's or foundation's charitable life income plans. Using the tax savings generated by the charitable deduction and/or the annual income generated by the charitable remainder trust or gift annuity, you might then purchase a life insurance policy on your own life. This insurance would replace the value of the assets that were gifted to Michigan State University as a result of their transfer to one of the aforementioned charitable life income plans.

Wealth replacement trusts can be designated to complement your comprehensive estate plans and can provide tax savings, protect the interests of heirs and allow you to provide a significant future gift to Michigan State University benefiting the college or academic, athletic or cultural program of your choice. The gift planning professionals within the MSU Office of Planned Giving can discuss this strategy with you, but we suggest you consult with your tax, legal, and/or financial planning counsel when developing a wealth replacement trust.

TRUSTS

Providing for Yourself, Your Spouse, Your Children and MSU

Are you looking for new ways to protect your family and your money? Would you like to cut estate taxes and probate costs? If possible, would you like to remember MSU in your estate plans? A personal trust may be the answer. They are remarkably versatile and can greatly enhance your comprehensive estate plan. The particulars are simple: A trustee chosen by you manages the trust assets, called the principal, and pays an income to those you want to support, your beneficiaries. Your will or a separate legal document is needed to establish a trust. When you create a trust, you are referred to as the grantor or donor. A trust can be either revocable or irrevocable. A revocable living trust agreement allows you to amend or cancel the trust at any time. On the other hand, if you put trust arrangements in your will, you will probably want them to be irrevocable to make sure your wishes will be carried out. You can set up a trust for anyone and for just about any purpose. The following are some typical trust arrangements.

LIVING TRUST

You might decide to create a trust for your own benefit; a trust that will remain operative while you are living. It is logically called a living, or *inter vivos* (Latin for “between living persons”) trust. A living trust lets you provide for yourself and your family before and after your death. It has built-in flexibility because it allows you to stay in control of your assets. It is the trustee’s responsibility to manage the trust assets, distribute the income, and provide counsel about the investments. You are to be kept fully informed about all transactions. You can reserve the right to amend or revoke the trust, to add or withdraw assets, and to approve different investment

FEATURES & BENEFITS

- If you make yourself the initial beneficiary, you receive the income from the trust assets
- You are in charge, therefore you have the right to set the investment objectives, add or withdraw principal, change the terms of the plan, or even change the ultimate beneficiary at any time
- You can turn over the responsibility of investment management to a professional trustee, freeing you from day-to-day financial worries
- The beneficiaries you name to receive the trust remainder after your lifetime (such as your spouse, children, other individuals, and/or Michigan State University) receive an outright distribution
- Because none of the living trust assets are included in your probate estate, probate costs and delays are reduced
- The terms are private, so the details about the beneficiaries and assets of a living trust usually do not enter the public record

strategies. As the donor, you may serve as trustee or appoint someone else to serve in this capacity. The trust can continue after your lifetime for the benefit of your family or others, and the trust assets avoid the costs and delays of probate.

TESTAMENTARY TRUST

You can create a trust in your will—known as a testamentary trust—for the benefit of your spouse, your children, and other family members. With this type of trust, you direct the trustee to pay the income to or for the benefit of the persons you name.

In a typical family trust, a husband and wife set up a trust in their wills for the surviving spouse’s benefit. Each directs that after his or her

death, the trust shall continue for the support of their children until the children attain a certain age, say 25 or 30. Then, per the terms of the trust, the trustee may distribute the principal to the children, to MSU, or both.

A Versatile Tool To Provide a Future Gift:

If you would like to make a gift to Michigan State University but first must satisfy your own family's financial needs, both during your lifetime and after, a trust can be the ideal solution. Personal trusts let you have it both ways—pass assets to your heirs with the least amount of tax and make a future gift to Michigan State University. Often trust arrangements will accomplish a lot more, too, including professional investment management and the assurance that your financial goals and philanthropic wishes for MSU will be fulfilled. Living trusts are fully revocable, so you can change or terminate them at any time during your life. With an irrevocable trust, you give up this power, generally in order to enjoy a charitable deduction on your federal tax return. Though you reserve the right to change your mind, the possibility of significant estate tax savings remains with a living trust.

CHARITABLE LIFE INCOME PLANS

Charitable remainder trusts, charitable gift annuities, and deferred gift annuities represent creative developments in the evolution of charitable estate planning. Their flexibility enables you to provide a lifetime stream of income for yourself and/or your beneficiaries, satisfy philanthropic goals, and avoid substantial estate or transfer and capital gains taxes. Through a charitable life income plan, you are able to designate how you want the university to use these funds once the life income plan (or split-interest gifts, as they are sometimes referenced) has matured. Under a charitable life income plan you receive income from these assets which have been irrevocably transferred from your portfolio or estate for a lifetime or lifetimes or certain time period that you select. Michigan State is able to use these funds only after your income interest expires or if you revoke your income interests while you are still living. Funding a life income plan with appreciated long-term capital gain property enables you to dispose of an investment to protect your profit or to reinvest for a higher yield while avoiding substantial capital gain taxes. You retain the full value and benefit of the asset(s) for personal income and charitable deduction purposes and provide a generous future gift to Michigan State University, to be utilized at MSU per your wishes.

CHARITABLE REMAINDER UNITRUST

The primary feature of the unitrust is that it provides for payment to the income beneficiary of an amount that may vary. The payment must equal a fixed percentage of the net fair-market value of the trust assets as valued annually. The grantor determines the fixed percentage upon creation of the unitrust. It must be at least 5%. Depending on the donor's financial and philanthropic objectives, a choice may be made

to emphasize the charitable deduction (by choosing a lower rate) or the annual return (by selecting a higher rate).

The unitrust payment must be made at least annually but may be made at more frequent intervals, such as semi-annually or quarterly. The unitrust may be set up for the lives of the beneficiaries or for a term of years not exceeding 20. The amount paid to beneficiaries each year is determined by multiplying the payout rate by the value of the trust assets. For example, a 6% unitrust valued at \$100,000 its first year will pay out \$6,000. If the trust assets are valued at \$110,000 in its second year, the payout will be \$6,600.

The grantor is allowed a charitable deduction equal to the present value of the charitable organization's remainder interest in the unitrust, as determined by reference to Treasury regulations. The deduction, a percentage of the amount that funds the trust, is based on the fair-market value of

EXAMPLE

Mr. and Mrs. D, 70 and 68, own \$240,000 worth of mutual fund shares, which they purchased a number of years ago for \$40,000. This particular fund has emphasized growth, and the dividend yield is a modest 1%. They would like more money to spend during their retirement years but hesitate to sell their shares and reinvest for income because of the capital gain tax they would pay.

To achieve their objectives, they contribute the shares to a unitrust and select a 5% payout rate. Their distributions immediately increase from \$2,400 to \$12,000 per year and will grow over time if trust assets appreciate in value.

Moreover, the gift results in a charitable deduction of \$81,714* that, in their 28% bracket, translates into a net tax savings of \$22,880. In addition, they avoid a potential capital gain tax of \$30,000 (15% of \$200,000). Thus, the total tax savings amounts to \$52,880.

**Charitable deduction based upon a 5.4% IRS discount rate.*

EXAMPLE

Ms. Smith, age 66, creates a 6% lifetime unitrust, payments to be made quarterly, with herself as sole income beneficiary and MSU as the sole charitable remainderman. She funds it with highly appreciated securities valued at \$500,000 with a cost basis of \$50,000. Currently, these securities are yielding Ms. Smith a 3% dividend or approximately \$15,000 per year. Ms. Smith may claim and utilize a \$213,555* charitable deduction and avoid a capital gains tax of \$67,500 (15% capital gains tax on the \$450,000 gain). In the first year, the charitable remainder unitrust will pay Ms. Smith \$30,000, doubling the amount of income she was previously receiving from the stock. The assets in the unitrust are appraised annually, and as they increase in value, her annual income increases as well. She may also make additional contributions to the charitable remainder unitrust should she desire to do so. At Ms. Smith's death, the trust's assets can be used by MSU per her designation and wishes determined when she established her unitrust.

**Charitable deduction based upon a 5.4% IRS discount rate.*

the asset transferred, the payout rate chosen, and either the age and number of beneficiaries or the term of years.

The unitrust can be funded with cash or ideally with long-term, highly appreciated securities or real estate. The governing instrument of any unitrust may include a provision to permit additional contributions. The attraction of this feature is that the grantor need not establish a unitrust each time he or she wishes to make an additional gift.

There are numerous options regarding who may serve as trustee for a charitable remainder unitrust. These options should be explained by and discussed with the gift planning professionals within the MSU Office of Planned Giving. Michigan State University may serve as trustee provided the terms of the charitable remainder unitrust are acceptable under university policies governing this acceptance of this fiduciary responsibility. At the

present, MSU may serve as trustee only if Michigan State University is named at least 50% charitable remainderman.

Depending on your financial planning objectives, you may choose to emphasize asset growth and a higher charitable deduction (by establishing a lower trust payout rate) or greater annual income initially and a lower charitable deduction (by establishing a higher trust payout rate). The charitable remainder unitrust can be viewed as a possible hedge against inflation, assuming a growth in value of the trust assets is somewhat comparable to the inflation rate.

INCOME-ONLY UNITRUST

A variation of the standard unitrust arrangement described above is income-only unitrust.

EXAMPLE

Ms. E, a successful 50-year-old attorney, owns growth stocks currently valued at \$125,000 that she purchased some years ago for \$40,000. The stocks yield an annual dividend of about \$1,000 (which is a yield of less than 1% of their current market value). Given her 35% tax bracket, her spendable income from the dividend is minimal.

Upon retirement in about ten years, Ms. E plans to sell the stocks and reinvest the proceeds in high-yield securities. Ms. E's personal and financial objectives are to:

- generate deductions to reduce taxes in her peak earning years;
- provide substantial retirement income;
- avoid capital gain tax; and
- make a future gift to Michigan State University to establish an endowed fund in support of the college at MSU where she earned her degree.

Assuming the stocks continue to grow in value and are worth \$300,000 in ten years, their sale would result in a capital gain tax of \$39,000 (15% of \$260,000). This means Ms. E would realize substantially less for reinvestment purposes after paying the capital gain tax from the proceeds of the sale.

FEATURES & BENEFITS

- Combines lifetime or term income with a significant future gift to MSU
- Variable income feature based on annual value of trust's assets may provide a hedge against inflation as assets increase in value
- Receive an attractive initial "real" rate of return considering tax savings as a result of the allowable charitable deduction and avoidance of capital gains taxes
- Opportunity to make a larger gift to MSU than otherwise may be possible
- Realize an immediate charitable tax deduction resulting in money saved because of taxes not paid
- Reduced estate tax
- Avoid probate
- Avoid lump-sum capital gains tax on appreciation of assets
- Increase income by converting low yield assets to high income assets
- Retain 100% of value of assets by avoiding capital gains tax, thus enhancing personal income and charitable deduction
- Ability to provide lifetime income for yourself or other named beneficiaries
- Additional contributions are allowed
- Professional management of trust assets frees you from investment responsibilities

After discussing her long-range objectives with her advisors, to include a gift planning advisor within the MSU Office of Planned Giving, Ms. E determines that she can best accomplish her objectives by establishing a 5% income-only unitrust with a "makeup provision." She funds it with the \$125,000 in stocks.

As a result:

- Ms. E realizes a charitable deduction of \$50,127*, which in her 35% bracket can mean a tax savings of \$17,544.
- Assuming the unitrust grows to \$300,000 at Ms. E's retirement, the sale of the assets by the trustee will not trigger a capital gain tax, and the full proceeds will be available to the trustee for reinvestment.
- Assuming the trust assets yield 6.0%, the unitrust would generate an annual return of \$18,000. This amount exceeds the \$15,000 annual payment specified in the unitrust agreement (5% of \$300,000); thus, the extra \$3,000 in the initial year and excess earnings in future years can be distributed to Ms. E until all prior deficiencies are made up.

*Charitable deduction based upon a 5.4% IRS discount rate.

Under this version, the unitrust provides for distribution to the beneficiary of either the net income of the trust or the fixed percentage specified in the agreement, whichever is less.

The income-only unitrust may include a “makeup provision” that allows the trust, in any subsequent year in which income exceeds the stipulated percentage to distribute such excess income, to make up for any deficiencies that may have occurred in prior years. A deficiency in any year represents the difference between the stated percentage and the net income available for distribution. As the example on page 19 illustrates, this variation of the standard unitrust can be a potent financial retirement planning tool.

“FLIP” UNITRUST

The IRS has approved a “hybrid” version of the unitrust, one that may provide a practical solution to what has been a difficult implementation dilemma.

For example, a net-income unitrust (with or without makeup) is the vehicle of choice when a donor wishes to use illiquid assets (e.g., closely held stock, non-income producing real estate, etc.) to fund a life-income plan. Reason: the trustee is under no obligation to make distributions when there is no income (as there would be with a regular unitrust).

But what to do when the donor prefers the regular unitrust to the income-only versions?

The “Flip” Unitrust to the Rescue Final Regulations adopted by the Treasury Department permit a donor to create an income-only unitrust to start and then switch to the straight version on January 1st the year following the occurrence of a permissible triggering event such as:

- the sale of unmarketable assets (such as real estate or personal property),
- a specific date (e.g., the age of 65 or any other age in planning for retirement, the age of 18 or any other age in planning for a child’s or future child’s education), or
- a specific event (marriage, divorce, death, or birth).

In the example on page 19, Ms. E could include a provision that would flip the income-only unitrust to a straight unitrust at some specific future date that she anticipates she will retire. When that date is reached, the unitrust will start distributing 5% of its annual value—revalued each year—to Ms. E for her life, regardless of how much income the trust generates.

By including a provision in the trust that allocates capital gain to income, it may be possible to “make up” and distribute to Ms. E (in the year the triggering event occurs) the “deficits” that have accumulated from the inception of the trust.

CHARITABLE REMAINDER ANNUITY TRUST

A charitable remainder annuity trust shares common features with the unitrust. Like the unitrust, the payout rate must be at least 5% of the initial fair market value of the assets (gift) transferred to the annuity trust. In the year a charitable annuity trust is established, you will receive a charitable deduction for a portion of the amount transferred to the trust. You also avoid the lump-sum capital gains tax on the transfer of appreciated securities.

FEATURES & BENEFITS

- Fixed payout feature offers the security of guaranteed income for life (lives) or term of years
- Can yield an attractive equivalent rate of return considering tax savings as a result of the allowable charitable deduction and avoidance of capital gains tax
- Unlock appreciated investments to diversify, maximize yield and increase spendable income
- Opportunity to make a substantial future gift to MSU
- Realize an immediate charitable tax deduction
- Reduce estate tax
- Avoid probate
- Avoid lump-sum capital gains tax
- Ability to provide fixed income for yourself or other named beneficiaries
- Additional contributions are not allowed

EXAMPLE

Mr. W supplements his 84-year-old mother's annual income with \$6,000 of his own after-tax earnings. Both Mr. W and his mother are MSU alumni, classes of 1970 and 1943 respectively. Given his 35% tax bracket, he must earn more than \$9,200 to net the \$6,000 he gives his mother.

Instead of continuing these payments with after-tax dollars, he transfers \$125,000 of securities to an annuity trust with a 6% payout rate and directs that the trustee pay his mother a sum certain of \$7,500 a year for life. Though she must pay income tax on the \$7,500, her cash flow will remain fixed and guaranteed.

Mr. W realizes a charitable deduction of \$70,805* that, in his 35% tax bracket, saves him \$24,782 in income tax, and he avoids the capital gain tax on the appreciation of the securities.

The present value of his mother's annuity interest of \$54,195 (\$125,000 less \$70,805) is considered a gift by Mr. W. Any potential gift tax could be offset by the annual gift-tax exclusion and Mr. W's lifetime gift-tax exemption equivalent. At the death of Mr. W's mother, the annuity trust terminates and its assets will be distributed to MSU where an endowed fund, in the mother's name, will be funded.

Highly appreciated publically traded securities or cash are most suitable for funding an annuity trust.

**Charitable deduction based upon a 5.4% IRS discount rate.*

The principal differences are that the charitable remainder annuity trust pays a guaranteed income for life or a term of years (not to exceed twenty) based on the initial value of the assets funding the trust. This means that the annuity trust provides a "fixed" rather than a "variable" income stream. Unlike the unitrust, the annuity trust does not allow for additional contributions after the initial transfer is made. Typically, the allowable charitable deduction from an annuity trust is slightly greater than the charitable deduction allowed for a unitrust when the initial

gift, trust payout rate, and actuarial lifetime of the trusts are identical.

There are numerous options regarding who may serve as trustee for a charitable remainder annuity trust. As in the case of the charitable remainder unitrust, MSU may serve as trustee, providing the terms of the charitable remainder annuity trust are acceptable under university policies governing the acceptance of this fiduciary responsibility and MSU is named at least 50% charitable remainderman. To discuss these options in greater detail, please contact the gift planning professionals within the MSU Office of Planned Giving at 517-884-1000 or 800-232-4678.

CHARITABLE EDUCATION TRUST: MEETING COLLEGE EXPENSES

Since income splitting as a technique to shift income to a lower bracket taxpayer such as a child or grandchild was severely crippled by a tax provision that causes virtually all unearned income of a child under 14 to be taxed at the parents' rate, there is almost no tax incentive to divert income to a young child. Charitable planning, however, offers an attractive alternative for the person with charitable intent. One plan, called the charitable education trust, allows you to generate educational funds and make a significant charitable gift at far less than doing each separately.

Caution:

If the child-beneficiary is under 14 years old, the payments will be taxed at the parents' higher tax rate. Careful funding, such as with growth stock or tax-exempt bonds, can significantly diminish or even eliminate the negative impact of this provision.

EXAMPLE

Steve and Anne, ages 64 and 63, have a granddaughter who will be enrolling in college soon, and they expect she may wish to pursue a graduate degree. To help with her tuition and other basic expenses, they transfer stock having a market value of \$100,000 and a cost basis of \$30,000 to a 6% charitable remainder annuity trust that will continue for a period of eight years. During each of these eight years, their granddaughter will receive annual payments of \$6,000. They name Michigan State University to receive the principal at the end of the eight-year term. Here are the benefits to the respective parties:

- Steve and Anne's granddaughter receives payments totaling \$48,000 for her education.
- The amount she receives will probably be taxed at a lower rate to her than it would have been to Steve and Anne.
- Steve and Anne receive a charitable income-tax deduction of more than \$61,000* and avoid paying \$10,500 tax on \$70,000 of gain.
- Michigan State University may receive in excess of \$100,000, assuming the trust earns a consistent 8% total return on investments during the eight year life of the charitable education trust.
- Steve and Anne have to report a taxable gift but most likely will not have any out-of-pocket cost, due to their lifetime gift tax exemption.

*Charitable deduction based upon a 5.4% IRS discount rate.

CHARITABLE LEAD TRUST

The charitable lead trust is the reverse of the charitable remainder trust in that it provides for a gift of payments from property to a charity for a term of years of any duration after which the property either reverts to the donor or passes to a non-charitable beneficiary designated by the donor.

If you would like to shield more of your accumulated wealth from gift and estate taxes and you are interested in supporting Michigan State University during your lifetime(s), the charitable lead trust may be an ideal planned gift for you and your heirs. Under this plan, you would irrevocably transfer assets to a lead trust and instruct that income be paid to Michigan State University for a certain number of years (or until the end of your or another's life). Then the principal would be distributed to your children, grandchildren, or other heirs. The principal passes to your heirs at greatly reduced gift and estate tax rates and sometimes escapes them altogether.

There are two types of charitable lead trusts: the grantor lead trust and the more popular nongrantor lead trust. To qualify for a charitable deduction, the payments to the charity must either be in the form of an annuity or be a fixed percentage of the value (determined annually) of the trust property.

A **grantor lead trust** provides the donor with a charitable income-tax deduction for the present value of the payments MSU is to receive from the trust for a specified period of time. The donor, however, continues to be taxed on the income earned by the trust each year—including the amounts distributed to MSU. At the end of the trust's term, the assets are returned to the donor. *(Note: To avoid this income tax result, donors may fund grantor lead trusts with tax-exempt securities.)*

While a **nongrantor lead trust**, created during life, does not provide the donor with a charitable income-tax deduction, the donor is not taxed on any of the income earned nor distributed to MSU by

EXAMPLE

Mr. K creates a charitable lead trust, funding it with securities currently valued at \$1,000,000 (acquired years ago for \$300,000), and directs that the trust is to pay Michigan State University \$60,000 annually for 15 years. At the termination of the trust, the assets are to be distributed to his children. Under the Treasury tables, the present value of the stream of income MSU is to receive from the trust (which is not deductible by the donor for income-tax purposes) is valued at \$606,280* and the children's remainder interest is valued at \$393,720* (\$1,000,000 less \$606,280).

Assume that at Mr. K's death the trust assets after 15 years, have appreciated to \$3,000,000. Nevertheless, for purposes of determining his transfer-tax liability, only the value of the gift to the children at the time the trust was created (\$393,720) will be taken into account. The balance of \$2,606,280 (\$3,000,000 less \$393,720) will escape transfer tax. Had Mr. K not established the lead trust, the entire \$3,000,000 could have been taxed in his estate.

Should the children sell the assets, their basis in the property is \$3,000,000 for purposes of computing capital gain.

**Based upon a 5.4% IRS Discount Rate.*

the trust. At the end of the specified trust term, the assets remaining in the trust are distributed, usually to children or grandchildren.

The principal advantage of the nongrantor lead trust, depending when the lead trust is established, is that it can significantly reduce or even eliminate either the gift or estate tax on the value of the assets used to fund the trust. This significant estate planning benefit is a result of the charitable gift or estate tax deduction attributable to the value of the payments MSU will receive from the nongrantor lead trust. In addition, any appreciation of the value of assets transferred to the lead trust will avoid gift and estate taxes (transfer taxes) when eventually received by the beneficiary(ies).

A charitable lead trust in which neither the donor nor the spouse is taxable on the payments from the trust and which names other family members as the remaindermen affords other benefits. Such a lead trust allows property to be transferred to eventual family beneficiaries at a low transfer cost and is particularly attractive for property with a high-appreciation potential. A charitable lead trust may be established either during the donor's life or under his or her will. *Note: Generally, a charitable lead trust is practical only for a donor whose family can forgo payments from the transferred property during the period of years MSU will receive gifts from the trust.*

Impact of Tax Relief 2001: Of all gift-planning vehicles, the nongrantor lead trust is the one most affected by the changes in the estate-tax law. The potential transfer tax benefit of the lead trust—i.e., avoiding estate tax on some or all of the value of assets used to fund the trust and the future appreciation on those assets will vanish if the estate tax repeal is extended beyond 2010. If the estate tax returns in 2011 and thereafter, creating the lead trust would prove to have been prudent estate and financial planning.

In either event, noncharitable beneficiaries of an existing or newly created lead trust are no worse off than they would have been under previous law.

FEATURES & BENEFITS

- Permits retention and transfer of property to family members at low cost
- Opportunity to make substantial current gifts to MSU
- Substantial estate or transfer tax savings
- Can provide more favorable income tax position
- Professional management of trust assets may free you from investment responsibilities

The lead trust could still be an attractive and efficient method of benefiting charity and eventually delivering the lead trust assets to desired beneficiaries.

During the term of the trust, the noncharitable beneficiaries may have attained a level of experience and maturity to properly deal with the trust assets when they are distributed to them. In the interim, the lead trust can be an excellent means of providing professional management of the trust assets for the benefit of those beneficiaries.

A LEAD TRUST IN YOUR WILL

Instead of funding a lifetime lead trust, you can also create one in your will—a testamentary charitable lead trust. The major difference is that MSU will begin to receive the annual income (gifts) after your death.

Which is better, a lifetime or a testamentary lead trust? If you fund a lead trust now, you can advance the university's present goals and observe and enjoy the benefits to MSU. A lead trust created during your life is also a way to pass assets to your family before your death free of gift tax. Either type of lead trust offers you an excellent strategy to carry out your philanthropic plans over the coming years and save on transfer taxes. You also keep ultimate control of the trust assets within the family.

Charitable lead trusts are complex and must be carefully designed. Donors considering a charitable lead trust in their estate or income tax planning are encouraged to discuss this subject with the gift planning professionals at MSU and certainly with their tax and legal counsel. As with charitable remainder trusts, Michigan State University may serve as trustee for a charitable lead trust provided the terms of the trust allow MSU to assume this fiduciary responsibility and MSU is the income beneficiary of at least 50% of the income distributed by the trust over its term.



MSU graduates celebrate.

CHARITABLE AND DEFERRED GIFT ANNUITIES

The charitable gift annuity and deferred gift annuity are planned gifts that are remarkably simple to establish. In exchange for a transfer of cash or marketable securities, the MSU Foundation will contractually agree to pay a guaranteed stream of lifetime income to you and/or another beneficiary. The MSU Foundation is the organization that administers and guarantees the MSU gift annuity program for the benefit of MSU. The annuity rate depends solely on the age of the beneficiary(ies). Your charitable annuity payment can begin immediately, or, as with the deferred gift annuity, at some specified future

date (minimum deferment period is one year). All gift annuity contracts are guaranteed by over 350 million dollars of unrestricted assets of the MSU Foundation.

The abbreviated table on page 26 shows examples of one- and two-life annuity rates (effective thru 6/30/07) that the MSU Foundation may pay depending on the age of the annuitant(s) or income beneficiary(ies). These rates, applicable to both males and females, are subject to periodic change. Annuity rates for other ages or combination of ages are available. The minimum amount required to establish a charitable gift or deferred gift annuity with the MSU Foundation is \$5,000. The minimum age(s) of the annuitant(s) is 50 years and older. Any variation is negotiable and must be approved by the MSU Foundation and

TWO EXAMPLES

Marti and Bill, ages 70 and 67, make a gift of \$30,000 cash to the MSU Foundation in exchange for a two-life gift annuity guaranteeing them \$1,740.00 per year (representing a 5.8% two-life gift annuity rate). Of this amount, \$929.00 of their guaranteed annual income will be received tax-free for their actuarial lifetimes (21.9 years). The remaining amount (\$811.00) will be taxed as ordinary income at their prevailing income tax bracket. They may claim and utilize a current charitable deduction of \$9,640.80*. In their 28% adjusted gross income tax bracket, this generates a net tax savings of \$2,699.00 because of taxes not paid and thus saved. Their designation as to how and where they wish MSU to use their future gift is precisely incorporated within their gift annuity contract between them and the MSU Foundation.

Joan Baker, age 68, transfers long-term appreciated stocks with a current fair market value of \$50,000 and an original cost basis of \$5,000 to the MSU Foundation in exchange for a one-life gift annuity of \$3,150 per year (representing a 6.3% annuity rate) for her life. Of this amount, \$172.93 will be treated as a tax-free return of principal (tax-free income) for the remainder of her life expectancy. \$1,556.42 of her annual income will be taxed as capital gain income and the remainder (\$1,420.65) as ordinary income. Mrs. Baker may claim and utilize a current charitable deduction of \$19,755.00*. In her 25% adjusted gross income tax bracket, this generates a net tax savings of \$4,939.00, representing additional spendable income because of taxes not paid and thus saved. In addition, Mrs. Baker avoids \$6,750 in capital gains tax (15% capital gains tax on a \$45,000 gain). Mrs. Baker wishes her future gift to support her college and this designation is precisely incorporated within the gift annuity contract between her and the MSU Foundation.

**Charitable deduction based upon a 5.4% IRS discount rate.*

the Director of the MSU Office of Planned Giving. We invite you to contact the gift planning advisors within the MSU Office of Planned Giving for specific charitable gift annuity illustrations.

The Federal Government allows you to claim an income tax deduction for that part of the transfer which represents the charitable gift component. A portion of each payment to the beneficiary may be income tax-free for the actuarial life expectancy of the annuitant(s). If funded with cash, the allowable charitable deduction is subject to the 50% Adjusted Gross Income (AGI) limitation rule.

Long-term appreciated securities are excellent assets to utilize when funding a charitable gift or deferred gift annuity. You can avoid the lump-sum capital gain, spread out the capital gains tax on the income received over the life of one or two beneficiaries, and escape capital gains tax entirely on part of the appreciation. If funded with appreciated securities, the allowable charitable deduction is subject to the 30% AGI limitation rule.

The following table shows some recommended rates that apply to both men and women. Please contact the MSU Office of Planned Giving (517-884-1000) for “your” specific one- or two-life combination charitable gift annuity rate.



ONE LIFE

AGE	RATE
50	5.3%
55	5.5
60	5.7
65	6.0
70	6.5
75	7.1
80	8.0

TWO LIVES

AGE	RATE
50-50	4.7%
55-55	5.0
60-60	5.4
65-65	5.6
70-70	5.9
75-75	6.3
80-80	6.9

DEFERRED-PAYMENT GIFT ANNUITY

The deferred-payment gift annuity plan is an innovation of the traditional gift annuity designed to appeal to the younger donor in the 40 to 60-year age bracket who has a high current income, wants to remember and support MSU, needs to benefit now from a current tax deduction, and is interested in augmenting potential retirement income on a tax-favored basis.

The deferred-payment gift annuity involves the current transfer of cash, marketable securities or, under some circumstances, tangible personal property or real estate, in exchange for which the MSU Foundation agrees to pay the donor an annuity starting at a future date, such as the donor's retirement.

EXAMPLE

Dr. G, 40, decides to make annual cash contributions of \$10,000 to the MSU Foundation in exchange for separate deferred-payment gift annuities. Payments are to begin upon her retirement in 25 years and will continue for the rest of her life.

The tax and financial benefits of this arrangement to Dr. G are as follows:

- She will receive charitable gift annuity income, paid quarterly (from her 25 one-life deferred gift annuity contracts), totaling \$29,700 per year which will begin when she reaches age 65. Her annual gift annuity income is fixed and guaranteed for her life.
- She will be allowed charitable deductions totaling \$120,242* over 25 years—which represents almost 50% of her total contributions of \$250,000. (The annual charitable deduction she may claim will vary from \$5,317 for the first year to \$3,983 for the last year.)
- Unlike a qualified retirement plan, there are no upper or lower limits on her contributions or other restrictive requirements on the design of the plan.

**Charitable deductions based on a 5.4% IRS discount rate*

FEATURES & BENEFITS

- Fixed payout offers security of guaranteed income for life
- Annuity contracts are guaranteed by over \$350 million unrestricted assets of the MSU Foundation
- Extremely easy to establish with no legal fees
- Excellent rate of return determined by age(s) of annuitant(s)
- Unlock appreciated investments to diversify or maximize yield
- Professional asset management frees you from responsibility and worry
- Some of the guaranteed income is tax free when gift annuity is funded with cash
- Opportunity to make a substantial future gift to MSU
- Realize an immediate charitable tax deduction and increase disposable income
- Estate tax and probate savings
- Avoidance of capital gains tax
- Provide a more favorable present or retirement income tax position
- Ability to provide income for yourself or other named beneficiaries
- You may designate how and where MSU is to use your future gift

The gift or gifts to establish one or multiple deferred gift annuities can consist of a single transfer, a series of transfers, or periodic transfers in high-income years.

The donor realizes an immediate charitable deduction for the gift portion for each charitable deferred gift-annuity established. A portion of each annuity payment, when the payments begin, will be a tax-free return of principal over the life expectancy of the annuitant. When appreciated, long-term capital gain securities are transferred, any reportable capital gain is spread out over the donor-annuitant's life expectancy.

CHARITABLE BEQUESTS

Through Your Will or Personal Trust

Gifts provided through wills and personal trusts have become the foundation of the American philanthropic tradition. In fact, the vast majority of planned gifts established for and ultimately received by Michigan State University are the result of charitable bequests established in one's will or personal trust. Such gifts enable you to make significant contributions that may not have been possible during your lifetime. Charitable bequests can take various forms. The following types of sample bequest language are offered for your legal counsel's consideration in preparing your will or trust. We invite you to contact the gift planning professionals within the MSU Office of Planned Giving for assistance in preparing precise bequest language addressing your charitable intent and plans for Michigan State University. We can help you effectively incorporate your philanthropic goals and interests within your estate planning documents. The address, phone and fax numbers are printed on the inside front cover of this publication.

SPECIFIC AMOUNT OR PERCENTAGE BEQUEST

A specific amount or percentage of one's estate bequest is one of the most popular types of charitable bequests. With such a bequest, you designate that MSU or the MSU Foundation receives a specific dollar amount, percentage of your estate, or a specific piece of property.

BEQUEST LANGUAGE

I give and devise to Michigan State University, East Lansing, Michigan, the sum of \$_____ dollars (or state percentage of estate) to be held, administered, and used by the Board of Trustees for support of Michigan State University in the area of greatest opportunity (or designated to the college, degree program, or academic or athletic department of your choice, or to a specific organization on campus such as the Wharton Center or MSU Safe Place).

I instruct that all of my charitable gifts shall be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.



Soil Science Research Lab

RESIDUARY BEQUEST

A residuary bequest is used to give Michigan State University all or a portion of your property after all debts, taxes, expenses, and other beneficiaries have been paid.

CONTINGENT BEQUEST

In anticipation of an unexpected occurrence, or if there should be certain other specific conditions that apply, a contingent bequest will ensure that property will pass to Michigan State University rather than unintended beneficiaries.

BEQUEST LANGUAGE

I give and devise to Michigan State University, East Lansing, Michigan, all (or state percentage) of the rest, residue, and remainder of my estate, both real and personal, to be held, administered, and used by the Board of Trustees for support of Michigan State University in the area of greatest opportunity (or the residual designated to the college, degree program, or academic or athletic department of your choice, or to a specific organization on campus such as the MSU Libraries).

I instruct that all of my charitable gifts shall be made, to the extent possible, from property that constitutes “income in respect of a decedent” as that term is defined in the Internal Revenue Code.

BEQUEST LANGUAGE

If (insert name or names) does not survive me, I give and devise to Michigan State University, East Lansing, Michigan, all the rest, residue, and remainder of my estate, both real and personal, to be held, administered, and used by the Board of Trustees for support of Michigan State University in the area of greatest opportunity (or designated to the college, degree program, or academic or athletic department of your choice, or to a specific interest such as the MSU Museum or MSU Study Abroad Program).

I instruct that all of my charitable gifts shall be made, to the extent possible, from property that constitutes “income in respect of a decedent” as that term is defined in the Internal Revenue Code.



RESTRICTED DESIGNATION BEQUEST

As many people elect to do, you may prefer to restrict your bequest to MSU for a specific purpose or designation at MSU. For example, if you wish to memorialize a family member or an honored colleague, you can establish a named endowed fund that will provide perpetual support for an academic, cultural or athletic program in which you (or the person to be honored or memorialized) are particularly interested. A restricted bequest usually should be made in the broadest terms possible consistent with your interests, which guards against the possibility of the purpose of your bequest becoming obsolete.

Please call or write the gift planning professionals within the MSU Office of Planned Giving for precise bequest language for your and your legal counsel’s review and possible use.

BEQUEST LANGUAGE

I give and devise to Michigan State University, East Lansing, Michigan, the sum of \$ _____ (or state percentage) to be held, administered, and used by the Board of Trustees for the establishment of a specific endowed scholarship/fellowship or discretionary fund (for the college, degree program, or academic or athletic department of your choice) at Michigan State University.

The earnings from the fund are to be disbursed at the discretion of the dean of the college (or director of the program) per the terms of the completed endowed fund agreement on record at Michigan State University. This endowed fund shall be named the _____ Endowed Fund.

I instruct that all of my charitable gifts shall be made, to the extent possible, from property that constitutes “income in respect of a decedent” as that term is defined in the Internal Revenue Code.



TAX DEDUCTIONS

Below is a table that shows the Federal Charitable Tax Deductions allowable on gifts to Michigan State University or to the MSU Foundation.

LIMITATIONS IMPOSED ON DEDUCTION OF CHARITABLE CONTRIBUTIONS BY INDIVIDUALS

Contributions to 50%-Type Organizations

TYPE OF CONTRIBUTIONS	DEDUCTIBLE	LIMITATION [*]
Cash	Cost basis	50%
Ordinary Income Property such as inventory, depreciable property, agricultural products, oil and gas property, Section 306 stock, original issue discount debt instruments, art work by its creator, and other property, the sale of which at fair market value would yield ordinary income	Cost basis	50%
Short-Term Capital Gain Property such as stocks, bonds, and other capital assets, the sale of which at fair market value would yield ordinary income	Cost basis	50%
Long-Term Capital Gain Property such as stocks, bonds, and other capital assets, the sale of which at fair market value would yield long-term capital gain	Fair market value	30%
Long-Term Appreciated Real Property, if election is made to reduce the amount of the deduction	Fair market value	30%
	Cost basis	50%
Tangible Personal Property, if use by the university is related to MSU's exempt purpose or function	Fair market value	30%
Tangible Personal Property, if use by the university is unrelated to MSU's exempt purpose or function	Cost basis	50%

**Note: The limitation is a percentage of the donor's adjusted gross income. Contributions in excess of the percentage AGI limitation may be carried over, if necessary, for a charitable deduction in the next five consecutive taxable years. However, the charitable deduction must be claimed, to the fullest extent possible, in the initial year the gift is made and thereafter until the entire charitable deduction is utilized or the five-year carry over period expires.*

DESIGNATING YOUR CURRENT OR PLANNED GIFT

Current and planned gifts may be designated for any purpose which fulfills an educational function and is acceptable to the MSU Board of Trustees. Most highly prized by MSU are those gifts designated for the “area of greatest opportunity.” Such unrestricted gifts provide maximum flexibility and enable the university to meet unexpected needs, to take advantage of unexpected opportunities and/or pursue timely initiatives.



Old Botany

ENDOWED FUNDS

Providing a Perpetual Stream of Support to Create a Margin of Excellence so MSU May Continue to Excel in “Advancing Knowledge and Transforming Lives”

There is no doubt that private support makes better programs and services at Michigan State University possible. That is why MSU must ensure that it has not only the funds to function beyond the resources that student tuition payments and the state of Michigan provide, but the security of future support that allows MSU to adapt and grow within ever-changing social and technological environments. MSU’s operating budget allows us to function, but it is the university’s endowed funds that allow us to enhance our colleges and our academic, athletic, and cultural programs as we work to fulfill our land-grant mission of teaching, research, and outreach in a national and global environment. Our endowed funds provide MSU the critical margin of excellence, the continuing ability to “Advance Knowledge and Transform Lives” and the resources to excel in doing so.

HOW IT WORKS

An endowment is simply the time-honored method of allocating certain gifts, be they current or future ones, to an investment portfolio managed by Michigan State University. The endowed fund is invested to earn income each year, and as the principal grows, so does the income available to award. That ever-growing income is used to support the programs of your choice at MSU, but the principal always remains invested in order to perpetuate the fund and, consequently, the stream of private

financial support for the designated purpose at Michigan State University. When you make a gift to create an endowed fund, it can either be outright or deferred through use of a bequest in a will or trust or a charitable life income plan. Either way, your gift can turn into a legacy of perpetual support for the designation(s) of your choice.

EXAMPLE

Suppose you would like to make sure that a graduate fellowship fund at Michigan State University receives \$2,500 every year, even after your lifetime. Assume that Michigan State University spends 5% of its endowment each year. This does not mean MSU earns a total return of 5%, only that it spends that amount (think of this like a 5% dividend). We reinvest the difference to offset inflation.

To calculate the amount you need to donate to perpetuate your gift, divide the annual gift amount, \$2,500, by the amount called for in the spending policy (5%) to get \$50,000. So, by contributing (while you are alive) or establishing a charitable bequest (at your death or death of the surviving spouse) \$50,000 to an endowed fund, you can continue perpetually your \$2,500 annual gift.

Here is the best part: when the value of the endowed fund increases, so does the income available to award for the specific purpose designated by the endowed fund. For example, with a total return of 10% (representing income and appreciation of assets) in one year and with only 5% awarded, the difference is reinvested. By the second year, the value of the fund is 5% greater, or \$52,500, and the “annual gift” from the fund is \$2,625, and so on throughout the years as the fund increases in value.

Ask Us For Details. Endowed funds are a safe, effective and intelligent way to guarantee the future of Michigan State University and to enhance the quality of our colleges and our academic, athletic, and cultural programs. Endowed funds provide the margin of excellence that will provide the resources necessary to allow MSU to maintain and enhance its position as the nation’s premier land-grant university and become a world-grant institution of higher learning. They also allow you to leave a legacy in your name or in recognition of any individual(s) you wish to honor.

DONOR SOCIETIES

Your Planned and Current Gifts Offer You the Benefits of Membership in MSU's Major Donor Recognition Societies

No matter what form your planned gift to Michigan State University takes, your future commitment through your estate plans may qualify you for membership in one of MSU's major donor recognition groups. While the greatest reward will be your personal satisfaction of the significant benefits your planned gift will provide MSU, the university appreciates the opportunity to thank and recognize those individuals and families who have chosen to remember MSU in this thoughtful and visionary manner.

THE WILLIAM J. BEAL SOCIETY recognizes the generosity of individuals, corporations, foundations and associations who make a commitment of at least \$10 million to MSU or a documented planned gift of



at least \$15 million. Beal was a professor of Botany at Michigan Agricultural College from 1870-1910. He designed the original format for the oldest continuously operated botanical garden in the US and is considered the "father of seed testing in America" and a champion of reforestation. His outdoor laboratory has expanded to six acres and over 5,000 species and is acknowledged as the oldest of North American botanical gardens.

THE JOSEPH R. WILLIAMS SOCIETY recognizes all donors who make a lifetime commitment of \$5 million or more or a documented planned gift of \$7.5 million or more. The Joseph R. Williams Society honors



the first president of what was known as "The Agricultural College of the State of Michigan." Williams, best remembered as a key advocate of

a broader curriculum, stressed the importance of providing students with an education in modern science that could be applied to the practical business of life. Membership is open to individuals, corporations, foundations, and associations.

THE FRANK S. KEDZIE SOCIETY, named for MSU's eighth president, recognizes all donors who make a



lifetime commitment of \$1 million or more or a documented planned gift of \$1.5 million or more. The Frank S. Kedzie Society honors the

president considered the pioneer for private support to MSU. During Kedzie's tenure, the first private donation toward a campus building was made, and fundraising began for construction of the Union Memorial Building. Membership is open to individuals, corporations, foundations, and associations.

THE ROBERT S. SHAW SOCIETY recognizes all donors above the \$500,000 giving level and those who have made a documented planned gift of \$1 million or more. The Robert S. Shaw Society honors MSU's eleventh



president who served in that role from 1928 to 1941. Shaw introduced new courses including hotel administration, public administration, geology, geography, and physi-

cal education for women, and created an All-College Division of central offices. President Shaw oversaw MSU's first significant expansion of the physical campus and was largely responsible for the development of several new and innovative academic departments and degree programs. Membership in the Shaw Society is open to individuals, corporations, foundations, and associations.

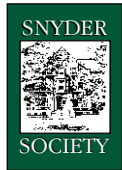
THE THEOPHILUS C. ABBOT SOCIETY, named for MSU's third president, recognizes all donors above the \$250,000 giving level and those who have made a documented planned gift of \$500,000 and above. The



Theophilus C. Abbot Society honors the revered scholar who served as MSU president from 1862 to 1885.

Abbot taught no fewer than 18 subjects at the college and is credited with making many important and lasting changes in the curriculum. Membership in the Abbot Society is open to individuals, corporations, foundations, and associations.

THE JONATHAN L. SNYDER SOCIETY, named for MSU's seventh president, recognizes all donors above the \$100,000 giving level and those who have made a documented planned gift of \$200,000 and above. The



Jonathan L. Snyder Society honors the president credited with many innovations in higher education. Snyder was the first MSU president to actively market the university to prospective

students, greatly increasing the number of students and faculty. Membership in the Snyder Society is open to individuals, corporations, foundations, and associations.

THE JOHN A. HANNAH SOCIETY recognizes donors above the \$50,000 giving level and those who have made a documented planned gift of \$100,000 or more. The John A. Hannah Society honors MSU's twelfth



president, who served the University for 46 years, 28 of them as president. Hannah is revered by many and credited with guiding the

university through its period of greatest physical and philosophical growth. It was during Dr. Hannah's tenure that MSU became a member of the Big Ten Athletic Conference. Membership in the Hannah Society is open to individuals only.

The Linda E. Landon Legacy Society, named for the first female instructor at Michigan Agricultural



College, recognizes and honors all individuals and families who have established and documented a planned gift for the future benefit of Michigan State University. There

is no minimum gift amount required for membership in the Landon Legacy Society.

Members of MSU major donor societies receive a personalized memento or certificate and are recognized in university publications. They also receive special invitations to major donor social events, information about the university's development activities and notification about university cultural events.

APPRECIATION AND RECOGNITION

If you have not done so, we encourage you to make your future commitment to MSU known to us so we may acknowledge your future gift and include you in the appropriate major donor society. The MSU Office of Planned Giving will be pleased to assist you and offer additional information on how your planned gift may qualify you for membership in one or more of our major donor societies. Your membership will make a powerful statement to other Spartan alumni and friends who may be considering future support of MSU through their charitable estate plans. Our toll-free number is (800) 232-4678 or (517) 884-1000; ask for the Office of Planned Giving or contact the director of development for your college.



Thank you for taking time to review the information in this publication. Michigan State University abounds with excellent students, faculty, staff, and programs deserving of your support. You are always invited and encouraged to contact the gift planning professionals through your college and University Development for additional information about effectively making personal gifts to MSU through current contributions and/or future gifts through your estate plans. The phone and fax numbers for University Development and the MSU Office of Planned Giving can be found on the inside front cover of this publication. Consider MSU when fulfilling your charitable interests and aspirations. So much can be accomplished when we, as a Spartan “family” of alumni and friends, invest in the future of Michigan State University.



www.givingto.msu.edu