Charitable Remainder Unitrusts

continued from page 1

Life Income
You or the persons you designate will receive payments from the trust for a life or a term of years. The payout rate (a minimum of 5%) is set in the trust agreement. Actual payment varies from year to year because the payout rate is applied to the value of the trust annually. When the trust’s assets appreciate, the distribution will increase; if asset values decline, distributions will be lower. Unitrust payments are taxable to the income beneficiaries of the trust. Our unitrust investment portfolio is designed to minimize wide fluctuations in income payments.

Income Tax Deduction
The donor who transfers an asset to a unitrust will be entitled to an income tax charitable deduction in the year of the gift equal to the full value of the charitable remainder interest. This deduction is approximately in the range of 40% to 60% of the fair market value of the gift. Tax deductions translate to lower tax liability, allowing you to keep more of your income for those purposes you deem important and meaningful, including supporting Cal.

What Is the Benjamin Ide Wheeler Society?
The Benjamin Ide Wheeler Society was named in honor of the visionary UC president who predicted, back in 1912, that “one of the future great universities of the land will be the one which goes through the Golden Gate.” The society recognizes alumni and friends who have elected to partner in Cal’s future by supporting the University through a life income gift (gift annuity, charitable remainder trust, or pooled income fund), retirement plan, life insurance policy, or bequest. Membership in the Society, which includes an invitation to the festive annual dinner and special events, is Cal’s way of thanking this special group of supporters for their philanthropic intentions. Use the card inside this newsletter to let the Office of Gift Planning know that you’ve included the University in your estate plan, or that would lik information on how to do so.

Estate Tax Savings
Donating an asset to a charitable remainder unitrust will eliminate some or all of the total value of the asset from your estate. If you are subject to the estate tax — currently estates over $1.5 million may be subject to the estate tax — you would likely reduce or eliminate the tax.

Creating a Unitrust
We in the Office of Gift Planning would be pleased to discuss with you or your advisors how a charitable remainder unitrust may fit your personal situation. We have worked with donors like Walter and Jocelyn Kaufmann (featured on the inside of this newsletter) who desire to act as their own initial trustee, and we have acted as trustee throughout an entire gift transaction. You may use the envelope inside this newsletter to request more information.

Everybody Wins
Hundreds of UC Berkeley’s alumni and friends have discovered that life income gifts not only benefit Cal — and help to sustain the world class teaching and research that benefit our communities, our state, our nation, and our world — but also help those donors achieve financial peace of mind. This is truly a situation in which everybody wins — donors, faculty, students, and the public.

Cal Futures’ New Look Reflects “Donor Friendly” Philosophy
Let me say first how delighted I’ve been these past nine months to be a part of an institution as distinguished and unique as UC Berkeley — and how much I’ve enjoyed meeting and getting to know so many members of the wonderful Cal family. In the coming months and years, I look forward to helping many of you achieve your philanthropic intentions for the University while realizing your financial goals.

As regular readers will quickly see, this issue of Cal Futures has a smaller format, larger type, and a cleaner design — plus some other changes. We in the Office of Gift Planning hope that this new version of our newsletter will provide you with an all-around more enjoyable and informative reading experience. All of the changes reflect our commitment to continually improve the ways in which we serve you.

It is particularly fitting that this issue profiles three-time planned gift donors Walter and Jocelyn Kaufmann, whose most recent gift was made through a creative arrangement prepared in collaboration with our office. (For details of that gift, see page 3.) The Kaufmann’s story is important because they are “typical” of the extraordinary alumni and friends whose generosity sustains the University’s excellence. Their story is important also because the unique terms of their recent gift illustrate the flexible, “donor friendly” philosophy with which our office approaches all gift arrangements. We are eager to develop additional customized gift plans to address your specific philanthropic, financial, and estate planning needs.

If you are interested in making any type of planned gift to the University, or simply wish to learn more about how such a gift can benefit both Cal and you, please contact our office. We would love to hear from you!

Kevin T. Crilly
Director, Office of Gift Planning

Notes from the Director

Everybody Wins — donors, faculty, students, and the public.

In developing your personal financial goals, Cal Futures editors have worked with the students and alumni of the University. We in the University’s Office of Gift Planning hope that this new version of our newsletter will provide you with an all-around more enjoyable and informative reading experience. All of the changes reflect our commitment to continually improve the ways in which we serve you.

It is particularly fitting that this issue profiles three-time planned gift donors Walter and Jocelyn Kaufmann, whose most recent gift was made through a creative arrangement prepared in collaboration with our office. (For details of that gift, see page 3.) The Kaufmann’s story is important because they are “typical” of the extraordinary alumni and friends whose generosity sustains the University’s excellence. Their story is important also because the unique terms of their recent gift illustrate the flexible, “donor friendly” philosophy with which our office approaches all gift arrangements. We are eager to develop additional customized gift plans to address your specific philanthropic, financial, and estate planning needs.

If you are interested in making any type of planned gift to the University, or simply wish to learn more about how such a gift can benefit both Cal and you, please contact our office. We would love to hear from you!

Kevin T. Crilly
Director, Office of Gift Planning

Charitable Remainder Unitrusts: A Gift to Cal, Lifetime Income for You

Many alumni and friends of UC Berkeley want to financially support the University in its mission of teaching, research, and public service — but are unsure if making a substantial gift to Cal would still allow them to achieve their personal and financial goals. If you are in this group, ask yourself the following questions:

• Are you ready to sell your residence or vacation home, but dread paying the large capital gains tax that would be due at the time of the sale?

• Is your real estate investment partnership terminating, or do you want to sell other investment property and cannot find a suitable “1031 exchange”?

• Do you want to receive additional income from assets that currently produce too little income?

If you answered yes to any of these questions, a charitable remainder unitrust may be a great way to make both your financial and philanthropic goals a reality.

What Is a Charitable Remainder Unitrust?
A unitrust is a gift plan under which one or more donors transfer property (real estate, stock, or cash) to a trust. The donors, or other individuals named by them, receive an income interest for life or for a specified number of years. The plan’s value is enhanced by other financial benefits to the donors such as income or estate tax savings. At the end of the unitrust term, the remaining principal is paid to a charity — UC Berkeley, for example — designated by the donor or donors. As Cal currently manages $122 million in donor life income gifts, we are often asked to act as trustee of charitable remainder unitrusts. Unitrusts established at the University have ultimately provided resources for most schools, colleges, and departments here on campus.

No Capital Gains Tax
If you sell appreciated assets yourself, you will immediately have to pay federal (and likely state) capital gains tax on the appreciated portion of the property. When a trustee sells property held in a unitrust, there is no immediate tax on the capital gain. That means the full value of your gift will be retained in the unitrust to produce an income for you.
I

seismic event in American civil rights history, and one whose generally acknowledged to be a Ku Klux Klan conspiracy was a shocking murder of the three men as a result of what is to investigate the burning of a black Methodist church. (Walter coordinator for other attorneys who had come from around the town of Philadelphia, Mississippi, where he served as a of the early 1960s. CORE sent him to what was then the sleepy in 20th-century American history— the civil rights struggles him a direct participant in one of the most explosive chapters fostered by his years at Berkeley, and knowledge of his family’s however, and he transferred to Boalt Hall after his first year. Among the most inspiring were distinguished Cal history professor Carl Schorske and Hannah Arendt, the eminent political philosopher who was then a visitor in the Department of Political Science.

After earning his bachelor’s degree in sociology, Walter left to study law at Cornell. He soon felt “homesick for Cal,” however, and he transferred to Boalt Hall after his first year. Armed with a new law degree, a passion for social justice fostered by his years at Berkeley, and knowledge of his family’s experience in Germany, he accepted a position with the Congress of Racial Equality (CORE). The decision soon made him a direct participant in one of the most explosive chapters in 20th century American history—the civil rights struggles of the early 1960s. CORE sent him to what was then the sleepy town of Philadelphia, Mississippi, where he served as a coordinator for other attorneys who had come from around the country to aid in the registration of black voters.

Walter was in Philadelphia in June 1964, when the town was suddenly catapulted into the national headlines. Three young civil rights workers — James Chaney, Andrew Goodman, and Michael Schwerner — had come to Philadelphia to investigate the burning of a black Methodist church. (Walter met Schwerner and Chaney in the course of his duties.) The shocking murder of the three men as a result of what is generally acknowledged to be a Ku Klux Klan conspiracy was a seismic event in American civil rights history, and one whose repercussions are still being felt half a century later. This past June, a former Klansman was convicted of manslaughter in the killings.

Eventually, Walter went on to do graduate work in sociology at the University of Wisconsin at Madison, earn a master’s degree in counseling psychology at San Francisco State, and receive a diploma in psychoanalysis from the Center for Integrative Psychoanalytic Studies. He spent many years teaching sociology at the College of San Mateo in Northern California, where he was dean of the Division of Social Sciences. At the same time, he had a private psychotherapy practice in San Francisco. His retirement from teaching in 1990 allowed him to pursue counseling full time.

Jocelyn was drawn into Cal’s orbit from an even greater distance than her husband was. Born in metropolitan Manila in the Philippines, she received her primary, secondary, and college education there from Maryknoll College, a school run by the Maryknoll sisters of New York. Her father, a colonel in the military, was frequently away. He was second in command of the Philippine Civil Action Group, which carried out civil engineering projects in Vietnam in the late 1960s. Like Walter, Jocelyn studied sociology, but she “never used it,” working instead as an executive secretary to the chairman of a Manila bank. After coming to the United States in 1965, she worked as the assistant to a Filipino businessman whose company manufactured computer chips in the Philippines. She met Walter in 1962, and the two were married three years later.

The couple’s strong belief in public education, and Walter’s gratitude to his alma mater, were key reasons for their decision to give something back to Cal. “I thought I could have afforded private school,” he explains. “The first time I paid tuition, I think I was $750. I love to go to flea markets, but I never got a bargain like Cal.” He adds, “I’m still benefiting from going to Cal. All the things I’m interested in, and get pleasure from, started when I was an undergraduate at Berkeley.”

The Kaufmanns’ first two planned gifts to Berkeley established charitable gift annuities that allowed them to support the University while enjoying a guaranteed annual income and tax advantages. The first gift solved a capital gain tax problem the two were facing as they prepared to sell some appreciated stocks. In both cases, half the gift went to support the Library, and half went to fund undergraduate scholarships. Having relied on a Walter Perry Johnson Fellowship to help him pay for law school, Walter had firsthand knowledge of the important role private support plays in providing educational opportunity. For their third, and most recent, planned gift, the Kaufmanns have decided to establish a charitable remainder unitrust, which will provide an annual income as well as capital gains tax avoidance and an income tax charitable deduction. This time, the idea to give came from Jocelyn. She felt it was a good way to handle the couple’s share of some real estate belonging to a larger partnership that was in the process of dissolving. Cal’s Office of Gift Planning came up with a solution custom-tailored to their personal goals.

Traditionally, either the University of California, Berkeley Foundation or the donor acts as trustee for the life of a philanthropic trust. In this case, however, the Kaufmanns are acting as their own trustee initially, with Cal’s Office of Gift Planning taking over as trustee after the property is sold. This arrangement will allow for a speedier and less complicated liquidation process because the Kaufmanns can work directly with the property’s co-owners — with whom they have longstanding relationships — to determine mutually satisfactory terms of sale.

This gift arrangement was attractive also to the Kaufmanns’ friend Barbara Bach, one of the co-owners of the property to be liquidated. After speaking with Walter and Jocelyn, Barbara decided to follow their lead and use her interest in the partnership to establish her own charitable remainder unitrust at Cal — in return for which she will receive an annual income for the rest of her life. Both of the Kaufmanns are now retired. Among other pursuits, Walter enjoys gardening at the couples Berkeley Hills home, swimming, and reading. Jocelyn studies sociology, but she “never used it,” working instead as the assistant to a Filipino businessman whose company manufactured computer chips in the Philippines. She met Walter in 1962, and the two were married three years later. Now retired. Among other pursuits, Walter enjoys gardening at the couples Berkeley Hills home, swimming, and reading.

Walter and Jocelyn, Above: Walter with the Bell family, Philadelphia, Mississippi, ca. 1964. In the background is the Evers Hotel, owned by the family of civil rights leader Medgar Evers, who was murdered by a white supremacist in 1963.

facton by such authors as Saul Bellow and Eudora Welty, as well as books on history. When Jocelyn isn’t sharing a swim with her husband, she enjoys watercolor painting and shopping for and preparing Filipino foods. Though the civil rights struggles of the 1960s and the financial worries of UC Berkeley students seem a world away, these realities are still a part of who the Kaufmanns are today. Caring about such issues, and making the decision to improve the lives of others through their philanthropy, are among the things that make Walter and Jocelyn worthy representatives of the Cal family.
Typically Cal

Walter ’56 and Jocelyn Kaufmann

Walter was in Philadelphia in June 1964, when the three young civil rights workers — James Chaney, Andrew Goodman, and Michael Schwerner — had come to Philadelphia to investigate the burning of a black Methodist church. (Walter met Schwerner and Chaney in the course of his duties.) The shocking murder of the three men as a result of what is generally acknowledged to be a Ku Klux Klan conspiracy was a seismic event in American civil rights history, and one whose repercussions are still being felt half a century later. This past June, a former Klansman was convicted of manslaughter in the killings.

Eventually, Walter went on to do graduate work in sociology at the University of Wisconsin at Madison, earn a master’s degree in counseling psychology at San Francisco State, and receive a diploma in psychoanalysis from the Center for Integrative Psychoanalytic Studies. He spent many years teaching sociology at the College of San Mateo in Northern California, where he was dean of the Division of Social Sciences. At the same time, he had a private psychotherapy practice in San Francisco. His retirement from teaching in 1990 allowed him to pursue counseling full-time.

Jocelyn was drawn into Cal’s orbit from an even greater distance than her husband was. Born in metropolitan Manila in the Philippines, she received her primary, secondary, and college education there from Maryknoll College, a school run by the Maryknoll sisters of New York. Her father, a colonel in the military, was frequently away. He was second in command of the Philippine Civic Action Group, which carried out civil engineering projects in Vietnam in the late 1960s. Like Walter, Jocelyn studied sociology, but she “never used it,” working instead as an executive secretary to the chairman of a Manila bank. After coming to the United States in 1985, she worked as an executive secretary to the chairman of a Manila bank. After coming to the United States in 1985, she worked as the assistant to a Filipino businessman whose company manufactured computer chips in the Philippines. She met Walter in 1992, and the two were married three years later.

The Kaufmanns have decided to establish a charitable remainder unitrust, which will provide an annual income as well as capital gains tax avoidance and an income tax charitable deduction. This time, the idea to come from Jocelyn. She felt it was a good way to handle the couple’s share of some real estate belonging to a larger partnership that was in the process of dissolving. Cal’s Office of Gift Planning came up with a solution custom-tailored to their personal goals.

Traditionally, either the University of California, Berkeley Foundation or the donor acts as trustee for the life of a philanthropic trust. In this case, however, the Kaufmanns are acting as their own trustee initially, with the Foundation taking over as trustee after the property is sold. This arrangement will allow for a speedier and less complicated liquidation process because the Kaufmanns can work directly with the property’s co-owners — with whom they have longstanding relationships — to determine mutually satisfactory terms of sale.

This gift arrangement was attractive also to the Kaufmanns’ friend Barbara Bach, one of the co-owners of the property to be liquidated. After speaking with Walter and Jocelyn, Barbara decided to follow their lead and use her interest in the partnership to establish her own charitable remainder unitrust at Cal — in return for which she will receive an annual income for the rest of her life.

Both of the Kaufmanns are now retired. Among other pursuits, Walter enjoys gardening at the couples Berkeley Hills home, swimming, and reading. Jocelyn, who is a former teacher, is active in the Berkeley Hills Historical Society.

For their third, and most recent, planned gift, the Kaufmanns were key reasons for their decision to make Cal their second university home, following Berkeley.

Walter Kaufmann. Didion’s writings include the essay collections Slouching Toward Bethlehem (1968) and The White Album (1979), the novels Play It As It Lays (1970) and A Book of Common Prayer (1977), and the memoir The Year of Magical Thinking (2005). This photograph, appearing in Cal’s yearbook, Blue and Gold, for 1956 shows Didion as editor of Occident, UC’s literary magazine.
Charitable Remainder Unitrusts

continued from page 1

Life Income. You or the persons you designate will receive payments from the unitrust for life or a term of years. The payout rate (a minimum of 5%) is set in the trust agreement. Actual payment varies from year to year because the payout rate is applied to the value of the unitrust annually. When the unitrust’s assets appreciate, the distribution will increase; if asset values decline, distributions will be lower. Unitrust payments are taxable to the income beneficiaries of the trust. Our unitrust investment portfolio is designed to minimize wide fluctuations in income payments.

Income Tax Deduction. The donor who transfers an asset to a unitrust will be entitled to an income tax charitable deduction in the year of the gift equal to the full value of the charitable remainder interest. This deduction is subject to limits in the range of 40% to 60% of the fair market value of the gift. Gift tax deductions translate to lower tax liability, allowing you to keep more of your income for those purposes you deem important and meaningful, including supporting Cal.

What Is the Benjamin Ide Wheeler Society?
The Benjamin Ide Wheeler Society was named in honor of the visionary UC president who predicted, back in 1912, that “one of the future great universities of the land will be the one which opens itself through the Golden Gate.” The society recognizes alumni and friends who have elected to partner in Cal’s future by supporting the University through a life income gift (gift annuity, charitable remainder trust, or pooled income fund), retirement plan, life insurance policy, or bequest. Membership in the Society, which includes an invitation to the festive annual tea and other special events, is Cal’s way of thanking this special group of supporters for their philanthropic intentions.

Use the card inside this newsletter to request more information.

Everybody Wins! Hundreds of UC Berkeley’s alumni and friends have discovered that life income gifts not only benefit Cal — and help to sustain the world class teaching and research that benefit our communities, our state, our nation, and our world — but also help those donors achieve financial peace of mind. This is truly a situation in which everybody wins — donors, faculty, students, and the public.

Notes from the Director

Kevin T. Crilly
Director, Office of Gift Planning

When is the Benjamin Ide Wheeler Society? The Benjamin Ide Wheeler Society is named in honor of the visionary UC president who predicted, back in 1912, that “one of the future great universities of the land will be the one which opens itself through the Golden Gate.” The society recognizes alumni and friends who have elected to partner in Cal’s future by supporting the University through a life income gift (gift annuity, charitable remainder trust, or pooled income fund), retirement plan, life insurance policy, or bequest. Membership in the Society, which includes an invitation to the festive annual tea and other special events, is Cal’s way of thanking this special group of supporters for their philanthropic intentions. Use the card inside this newsletter to request more information.

Giving Options

• Do you want to receive additional income?
• Is your real estate investment from assets that currently produce too little income?
• Are you ready to sell your residence or cannot find a suitable “1031 exchange”?
• Is your real estate investment at the time of the sale?
• Are you ready to sell other investment property and cannot find a suitable “1031 exchange”?
• Do you want to receive additional income from assets that currently produce too little income?

Armed with these questions, a charitable remainder unitrust is an excellent planning tool. As regular readers will quickly see, this issue profiles three-time planned gift donors Walter and Jocelyn Kaufmann, whose most recent gift was made through a creative arrangement prepared in collaboration with our office. (For details of that gift, see page 3.) The Kaufmanns’ story is important because they are “typical” of the extraordinary alumni and friends whose generosity sustains the University’s excellence.

Famous Alum? Answer inside!

For more information: University of California Office of Gift Planning University Relations 2080 Addison Street #4200 Berkeley, CA 94720-4200 510.643.6300 or 800.208.6070 giftplanning@berkeley.edu