A charitable remainder unitrust (or “unitrust”) is a life-income gift that provides you (and/or additional beneficiaries) with variable payments for life or a term of years. A unitrust can be funded with cash, stock, real property, or other marketable assets. The trustee of the unitrust sells, reinvests, and manages the assets of the unitrust. A gift of an appreciated asset does not subject you to capital gains tax; so the full fair market value of the asset is available to be reinvested. You receive payments at a rate that is determined when the unitrust is created, beginning at 5%. The exact payment is based on the value of the unitrust each year. If the trust grows in value, your payments will increase, and vice versa. When you make the initial gift, or add to the trust in the future, you are entitled to an income tax charitable deduction.

**Charitable remainder unitrust — an example.** Mr. Gold, age 60, has owned some rental property for many years. Its current value is $800,000. He no longer wishes to manage the rental, but because its cost basis is low, its sale would result in substantial capital gains tax. Through the Office of Gift Planning, he arranges to support Cal by giving the property to a unitrust paying 5%. 

Mr. Gold will enjoy an income tax charitable deduction of more than $140,000 to reduce his current income taxes. Mr. Gold’s annual unitrust payments will provide him with additional income, and he will no longer have to worry about collecting rents and paying for repairs on the rental property. With his unitrust payout, Mr. Gold can make gifts to family or charity, or purchase life insurance to replace the donated asset and benefit family members when he is gone. Or Mr. Gold can begin that endowed fund he has always hoped to create in the department or program of his choice on the Berkeley campus.

**Questions? Contact the Office of Gift Planning.** The professional staff at the Office of Gift Planning is happy to provide informational material and help you find the planned gift that is right for you. Call us at 510.642.6500 or (toll free) 800.200.0575, or e-mail us at giftplanning@berkeley.edu. We look forward to hearing from you.

**Notes from the Director**

Continued from page 1

**A New Charitable Giving Alternative**

Full greetings! I’m happy to use my column in this issue to alert you to a new giving option available to holders of individual retirement accounts (IRAs). As part of the recently passed pension reform legislation, Congress, for the first time, is allowing donors to give traditional or Roth IRA assets directly to charity. To be eligible for the tax-free rollover, the IRA account holder must be at least age 70 ½ at the time the distribution is made directly from the IRA custodian to the charity. Gifts are limited to $100,000 per donor in 2006 and 2007. Spouses with their own IRAs can also donate up to $100,000. (Leading tax authorities are of the opinion that California conforms to this federal legislation, but please review your own situation with your tax advisor.)

The distribution will meet the account holder’s minimum required distribution for that year. Only outright gifts to public charities are covered. Gifts made to charitable remainder trusts, charitable gift annuities, donor-advised funds, supporting organizations, or private foundations do not qualify. A charitable deduction is not allowed for the gift since the distribution is not included in the donor’s gross income. Donors who have funds in a 401(k) or 403(b) type of account could conceivably roll over the funds into a qualifying IRA to take advantage of the new rules.

If you are over 70 ½ years old and previously felt restricted in your ability to make a tax-efficient gift from your IRA account, you now have a two year window of opportunity to use the IRA tax-free charitable rollover. We would be happy to talk with you about the new rules and help facilitate your gift. Please call us directly at the Office of Gift Planning at 510.642.6500 or 800.200.0575.

**Kevin T. Crilly**
Director, Office of Gift Planning

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**Cal Futures**

**Year-End Tax Planning: Life Income Gifts**

For many of us, the end of the year is a time of celebration with family and friends. It is also a time to finalize annual tax planning — especially determining your charitable gifts, which are among the most flexible and effective of your tax-saving options.

For those who are considering supporting UC Berkeley with a year-end income gift, the Office of Gift Planning has prepared this brief introduction.

Below, you will find descriptions of the two most popular life income gifts charitable gift annuities and charitable remainder unitrusts — and learn how both you and Cal can benefit from these arrangements.

**A charitable gift annuity is a contract between you and a charitable organization that you would like to support, like UC Berkeley. In exchange for your contribution of cash or stock, Cal will pay you (and/or another person of your choosing) a fixed percentage of your gift for the remainder of your life.**

You will be paid based on your age at the time you make your gift. Most charities, including the UC Berkeley Foundation, offer payment rates recommended by the American Council on Gift Annuities.

When you make your gift, you will be entitled to an income tax charitable deduction in an amount determined by a formula that takes your age, payout rate, and applicable discount rate into consideration. If you contribute appreciated stock, you will not be subject to capital gains tax at the time of the transfer; however, a portion of the payments you receive will be taxed at lower capital gains rates. If you give cash, a significant portion of the payments will be tax-free income. The UC Berkeley Foundation requires a minimum contribution of $10,000 to fund a charitable gift annuity.

**Charitable gift annuity — an example.** A gift from Mr. and Mrs. Blue, ages 78 and 75, would result in a payment rate of 6.5% and provide a tax deduction of approximately 41%. A 60-year-old donor would receive 5.7%, an 85-year-old donor would receive 5.7%.

**Berkeley University of California Office of Gift Planning University Relations**
4155A Berkeley Way, Berkeley, CA 94720-4200 510.642.6300 or 800.200.0575
giftplanning@berkeley.edu

**Kevin T. Crilly**
Director, Office of Gift Planning

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**Who is this Famous Alum?**

**Fall greetings!**

With much fondness and enthusiasm, I look forward to the end of the academic year and to the activity and excitement that will be on tap for next academic year. The fall is especially exciting for me, as my son, Jacob, will begin a new academic year in the UC Berkeley Department of Development Communications, and will be working in a new development office. I would like to extend a special welcome to him, and to all new and returning students, faculty, and staff. Thank you for all you do to make the Berkeley campus a special place.

**Kevin T. Crilly**
Director, Office of Gift Planning

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**Notes from the Director continued page 4**
A sked to name a cause that he is passionate about, Chat Chatterjee doesn’t have to stop and think. “Education,” he answers, calling it “the only thing that will close the gap between rich and poor.” “The second thing I’m passionate about,” he adds, “is technology”—not a surprising answer from a chemical engineer and former vice president of Air Products and Chemicals, Inc., but one with which he supports by citing recent research showing how technology is key to a country’s development.

Both of these beliefs—in education and technology—were behind the decision of Chat and his wife, Ellen, to make two life income gifts to UC Berkeley. Chat’s alma mater. Just as importantly, the gifts offered the couple an added measure of financial security, and the peace of mind that comes with it.

Chat was born and raised in Jamshedpur, India, about 150 miles southwest of Calcutta. His father, an engineer, saw to it that his son received the best education. In 1959, his family moved to Calcutta, where he attended Calcutta University. Surrounded by “very good professors and students,” he acquired “a deep knowledge of chemistry and chemical engineering” while also studying “a large amount of arts and humanities.” There, he received a bachelor’s degree in chemistry and both a bachelor’s and a master’s in chemical technology.

His hard work and training served him well, earning him admission to graduate study at Berkeley in chemical engineering. But once on campus, to his dismay, he quickly found admission to graduate study at Berkeley in chemical engineering. But once on campus, to his dismay, he quickly

In 1969 to work, moving into an apartment with her. Her roommate’s husband happened to be a Berkeley graduate student in chemical engineering—and Chat’s lab partner. One day, Ellen was introduced to Chat, and the two hit it off. They were married March 31, 1970. The following year, upon Chat’s completion of his Ph.D., the couple relocated to Allentown, Pennsylvania, where he began working at Air Products and Chemicals, Inc., a worldwide supplier of industrial gases and equipment, specialty and intermediate chemicals, and environmental and energy systems. After 13 years at Air Products, Chat retired in 2004 as vice president of environmental health and safety, and corporate engineering.

The Chatterjees decided from the beginning that they wouldn’t wait until his retirement to see the world. In fact, travel has been one of the major themes of their life together. When Chat was in graduate school, they used his breaks to camp in national parks along the West Coast. Since then, they have traveled extensively in the United States and Canada and have made trips to Peru, Mexico, India (“a lot”), Australia, New Zealand, Egypt, Europe, and South Africa, among other places. In November, they will embark on a month-long cruise from Gibralter to Brazil and eventually the southern tip of Argentina as participants in one of Cal’s Bear Treks.

Helping to Close the Gap

Nirmal (Chat) M.S. ’58, Ph.D. ’71 and Ellen Chatterjee

Another motivation is their personal connection to Berkeley. As Chat says, “The University has done so much for us, we wanted to do something for it. Our memories are so wonderful!”

A third, and equally important, reason is that supporting Cal through life income gifts makes “financial sense.” Chat tells how, when he retired, “everybody said, ‘you’re crazy,’ because almost all of the Chatterjees’ assets were in his company’s stock. So Ellen suggested they create a gift annuity at Cal, and another at the University of Illinois—in planned gifts that would pay them guaranteed annual incomes for life while allowing them to support their alma maters.

Later, Chat and Ellen established at Berkeley a charitable remainder trust, which will pay a flexible income for life, after which the trust’s remaining assets will revert to the University. Besides income and potential growth, the Chatterjees are pleased with the other benefits offered by their gift annuity and charitable remainder trust at Cal: no immediate capital gains tax on their donated assets, allowing the full value of their gift to be reinvested; favorable income tax treatment on their income; an income tax charitable deduction; and significant portfolio diversification.

In addition to their life income gifts, the couple makes a sizable annual contribution to the chemical engineering department, and their estate plan designates that nearly half of their estate will eventually go to Berkeley. And what do they think about the generous support they are providing for Cal? “We do what little we can,” says, Chat, with characteristic humility.

Answer to “Famous Alum”

A sked to name a cause that he is passionate about, Chat Chatterjee doesn’t have to stop and think. “Education,” he answers, calling it “the only thing that will close the gap between rich and poor.” “The second thing I’m passionate about,” he adds, “is technology” — not a surprising answer from a chemical engineer and former vice president of Air Products and Chemicals, Inc., but one which he supports by citing recent research showing how technology is key to a country’s development.

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His hard work and training served him well, earning him admission to graduate study at Berkeley in chemical engineering. But once on campus, to his dismay, he quickly became aware of holes in his preparation. He didn’t know Fortran, the indispensable programming language for scientific computing. He didn’t know how to type. In the beginning, he was studying computing. He didn’t know how to use a computer. He didn’t know Fortran, the indispensable programming language for scientific computing. He didn’t know how to use a computer. He didn’t know Fortran, the indispensable programming language for scientific computing. He didn’t know how to use a computer. He didn’t know Fortran, the indispensable programming language for scientific computing.

Having grown up in Mansfield, Illinois, Ellen earned a B.A. in English from the University of Illinois at Urbana-Champaign. She came to San Francisco in 1969 to work, moving into an apartment with her University of Illinois roommate. Her roommate’s husband happened to be a Berkeley graduate student in chemical engineering — and Chat’s lab partner. One day, Ellen was introduced to Chat, and the two hit it off. They were married March 21, 1970. The following year, upon Chat’s completion of his Ph.D., the couple relocated to Allentown, Pennsylvania, where he began working at Air Products and Chemicals, Inc., a worldwide supplier of industrial gases and equipment, specialty and intermediate chemicals, and environmental and energy systems. After 13 years at Air Products, Chat retired in 2004 as vice president of environmental health and safety, and corporate engineering.

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But Chat has always kept in close contact with his alma mater, and often their travels take them back to Berkeley. Just a year after moving to Pennsylvania, he began yearly trips to campus as an Air Products recruiter, trips on which Ellen would often accompany him. In addition, he served as chair of the College of Chemistry Advisory Board from 1990 to 1996 and has sat on the board ever since. Now, he travels to Berkeley at least once a year to meet with the board and visit friends.

The Chatterjees have several reasons for wanting to support Berkeley. The first is their appreciation for what the University contributes to society. “Nobody does grad teaching better than the United States,” Chat remarks, “and Berkeley is one of the best of the best — that’s a great plus for the future of our country.” He goes on to note that the University is “a big importer of talent to California” and cites an impressive statistic: “About ninety percent of graduate students in the College of Chemistry are from out of state of those, 30 to 40 percent stay in California after receiving their degree.”

Another motivation is their personal connection to Berkeley. As Chat says, “The University has done so much for us, we wanted to do something for it. Our memories are so wonderful!”

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