



TORCHLIGHT

Perspectives on tax-wise charitable giving

SPRING 2018

Why I Give...Thoughts of a Nursing Faculty Member

Clinical assistant professor in the Rory Meyers College of Nursing, Fidel Lim MS '96 shares his thoughts behind including NYU in his estate planning.

Why did you decide to give to NYU Meyers? This year marks 21 years of service to NYU. I started teaching here right after I graduated with my master's degree in nursing education. When I was a student at NYU, I was largely uninformed about scholarship opportunities. My bond with NYU, both as an alumnus and as a faculty member, made me want to leave something for future generations of nurses.

What makes accelerated students a "special" group of students needing scholarships? Why is their situation unique? Accelerated students do not get as much financial aid as traditional students and many come into the program already burdened by student loans from their previous undergraduate degrees. In my small way, I would like to be able to offer financial support to accelerated nursing students.

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Fidel Lim MS '96

Snapshot: The New Tax Law and Charitable Giving

The Tax Cuts and Jobs Act cuts tax rates. How those tax cuts play out to your own tax return, however, depends on your family situation, available deductions, and income. Below are the most notable considerations that will affect personal planning—and your charitable giving—as the bill takes effect in 2018.

- The standard deduction increases substantially. Because of the larger standard deduction, fewer taxpayers may itemize their deductions. But for many taxpayers, the combination of lower tax rates and the increased standard deduction may result in more disposable income available to continue their ongoing loyal support for charitable objectives, including NYU.
- The new limit on the itemized deduction for state and local taxes will have an impact particularly on NYU's many alumni in states with high income and property taxes, and particularly on married taxpayers. Some may find themselves claiming the standard deduction starting with their 2018 taxes. Those who make generous charitable contributions each year will likely find that they will continue to itemize their deductions and exceed the standard deduction.
- Individuals age 70½ and over who are now taking required minimum distributions from their IRA accounts will find that charitable gifts from those accounts can be an increasingly strategic way to meet charitable goals.
- Life-income gifts (charitable gifts that pay income back to the donor or to another designated individual) remain particularly attractive charitable giving options.

Please let us know how we might help you and your advisors explore charitable strategies under the new law. Your continued support for the NYU mission makes a lasting difference for generations of students and faculty, and it's our privilege to help you shape a personal philanthropic legacy.



Where a Gift Begins

Planning a gift begins with a desire to support the NYU mission and an exploration of the many options that are available for reaching personal planning goals. When we join forces, we make a difference that is possible only because we are working together. Sometimes, the plan is simple. In other cases, we must consider additional options.

A simple option

One option that fits most basic planning needs is to make a gift in your will or trust. When you create or amend your will or trust (you do not need to write an entirely new will if you already have one), you can designate a gift to NYU and enjoy two distinct benefits.

- Gift assets—whether cash or stock or other property—remain in your control now, available throughout your lifetime.
- You can change the gift arrangement if needs change.

Making more of your gift

Moving beyond the basic gift planning options makes it possible to experience even greater personal benefits.

For example, if you own appreciated stock, you may find that a gift of that stock is more advantageous than a gift of cash. A gift of appreciated stock provides two attractive tax benefits:

1. There is no capital gains tax due on the appreciated amount.
2. It qualifies for an itemized tax deduction for the full current market value of the gift.

EXAMPLE: Charles makes a gift of stock valued at \$30,000. He bought the stock ten years ago for \$10,000. The gift qualifies for an itemized deduction of \$30,000,

and no capital gains tax is due on the \$20,000 appreciation amount. In his 35% tax bracket, the tax deduction reduces Charles's tax bill by \$10,500.

Another option for making more of your personal philanthropy is to make a life-income gift, such as a charitable gift annuity or charitable remainder trust.

With a charitable gift annuity, in exchange for your gift, NYU will pay a fixed, partially tax-free lifetime income to you (or to you and/or another person you designate). Your gift qualifies for an immediate tax deduction. Charitable gift annuities are a unique way to both give and receive—you meet important charitable goals while providing lifetime retirement income for yourself.

EXAMPLE: Dawn, age 55, makes a gift of \$20,000 to set up a charitable gift annuity. She decides to defer the start of her lifetime payments until she retires at age 65 because deferring payments provides a higher payment rate than if she begins payments immediately. She will receive annual payments of \$1,220 every year for the rest of her life, beginning at age 65. In addition, if Dawn itemizes her taxes, the gift qualifies for a deduction this year of \$8,089 (based on an applicable federal discount rate of 2.4%).

Consider a charitable remainder trust if you want to meet more complex goals or need more flexibility in designing and funding your gift. Contact us for more information.

Note: All examples are for illustrative purposes only.

PLAN NOW TO MAKE A TAX-FREE GIFT FROM YOUR IRA IN 2018

The new tax law passed in December 2017 did not change the popular gift option known as the IRA Charitable Rollover—a charitable distribution from your IRA directly to NYU. This is good news for IRA owners age 70½ and over who must take a required minimum distribution from their IRA and also want to support NYU in 2018. You can use your IRA to make a meaningful gift and avoid taxes on the IRA distribution. It's easy to do.

- Instruct your IRA custodian to make a distribution directly to NYU. The distribution counts toward your RMD.
- Although there is no tax deduction, the distribution is excluded from your income for federal tax purposes—**no tax is due!**
- Up to \$100,000 of your gift qualifies for this favorable tax treatment.
- Under the new tax law, this gift option is even more attractive to those of you who will not be itemizing deductions in 2018.

For those who must take RMDs, this gift option is a tax-wise way to meet charitable goals. Just let us know if you are planning an IRA Charitable Rollover gift or want to know more, and we'll be happy to help you explore ways to make an impact.

What do you hope your gift's legacy is? By making NYU Meyers a beneficiary of my retirement account, I have endowed a scholarship fund for accelerated nursing students. I also plan to include NYU Meyers in my will. I am hoping that my choice will inspire our students to emulate gift-giving as part of their civic consciousness. I have heard from recent grads about their intention to help our students financially when they're able. I think this is a great testament to the kind of education we provide at NYU.

What would you tell other prospective donors who are on the fence about giving? It is personal and every little bit counts. I am not rich, but I feel committed to sharing what I have with NYU Meyers when I am gone. I have told my loved ones about my intention to leave money to NYU Meyers in my retirement account and have done the requisite paperwork to make it happen. I think it is important to communicate these wishes to your loved ones and imagine the possibility of what these donations can do for our future students.

Charitable Giving and the New Tax Law

The *Tax Cuts and Jobs Act* passed in December 2017 will have a major impact on Americans. But fundamentally, the provisions of the tax law that affect charitable giving remain unchanged. Alumni and friends of NYU can still enjoy important tax benefits while meeting their charitable goals.

This issue of *Torchlight* explores smart options for supporting NYU's students, faculty and research. It also provides a snapshot of key provisions of the new tax law, and we point out a few of the many rewarding ways to make a difference at NYU.

To learn more, please visit nyu.giftinfo.today, call (212) 998-6960, or return the attached card. Be sure to ask for our free booklet, *Make Gift Planning Work for You*. Thank you for your interest in helping NYU.



**Alan Shapiro, NYU's
Executive Director of
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