

If your estate- and tax-planning objectives include making a charitable gift, receiving an income for life, reducing taxes, and possibly increasing income, please consider one of the gift vehicles discussed in this brochure. Your gift will provide the continuing support that allows the University of California to maintain its tradition of excellence.

The gift vehicles listed here are part of a family of gifts sometimes called life-income gifts or planned gifts. This terminology is used because these gifts require planning before a transaction is completed. We strongly encourage every potential donor to seek tax and legal counsel before making a planned gift to the University.

Calculations that illustrate some of the benefits of various life income arrangements and more detailed information about all of these life income plans are available on request.

THE CHARITABLE GIFT ANNUITY pays a fixed annuity for the life of the income beneficiary. The rate is based on the age of the income beneficiary on the date of the gift, and part of each payment is usually tax-exempt. The amount of the charitable contribution deduction is basically the difference between the value of the gift (cash or the value of the securities or real estate) and the value of the annuity. Gift annuities may be established with \$20,000 or more.

THE DEFERRED PAYMENT GIFT ANNUITY pays a fixed amount, similar to the charitable gift annuity, but the first payment is deferred for a year or more from the date of the gift and is usually timed to coincide with retirement or other plans. The donor is thus able to make a gift now and to use a current income tax charitable deduction (when he or she may be in a higher tax bracket), deferring annuity payments until those years when the beneficiary may need income more. The amount of each payment that will be tax-free depends on the income beneficiary's life expectancy and the projected appreciation in the gift assets. The charitable contribution is the face value of the gift less the actuarial value of the deferred annuity. The minimum donation is \$20,000.

THE CHARITABLE REMAINDER TRUST is a separate trust that pays the income beneficiary a percentage (at least five percent) of its net asset value each year for life or for a fixed period of years. The trust is revalued annually. An income tax deduction is allowed for the value of the remainder interest of the trust.

A variation of this trust is the net income unitrust, which distributes the trust's net income, up to a set percentage of the annual market value of the trust assets. This protects the trust corpus from erosion due to high-income payments.

There is another variation known as a flip trust, which is initially a net income unitrust and converts or flips to a standard unitrust upon the occurrence of a date or event in the future.

These separately invested trusts may be established with a minimum gift of \$250,000; additional contributions to a uni-trust can be made at any time.

THE CHARITABLE REMAINDER ANNUITY TRUST pays a fixed dollar amount (at least five percent of initial value of transferred property) to the donor or his/her designated beneficiary for life. The amount of the payment will not change. A charitable contribution deduction is allowed for the value of the trust's remainder interest. Like the unitrust, an annuity trust may be established with a minimum gift of \$250,000. Annuity trusts cannot accept additional contributions.

THE POOLED INCOME FUNDS are made up of the donations of many donors, which are combined for investment purposes. There are two pooled income funds, the UC Balanced Growth Fund and the UC Long-Term Income Fund, both operated by The Regents of the University of California and open to donors to any campus or University program. These funds pay the donor or his/her designated beneficiary a pro rata share of the particular pooled income fund earnings each year or life. Income is taxed as ordinary income, and a charitable deduction is allowed for the value of the remainder interest. Pooled income funds may be started with as little as \$20,000 and additional contributions of \$5,000 or more may be made at any time.

LIFE INCOME OPTIONS WITH APPRECIATED SECURITIES. Donors to charitable remainder trusts and pooled income funds may make a gift using appreciated property without having to incur capital gains taxes. The trust can sell those assets and purchase other higher yielding assets, also without capital gains taxes. Capital gains on donations to gift annuities are usually distributed over the annuitant's life expectancy.



Life Income Gift Options



UNIVERSITY OF
CALIFORNIA

Berkeley

Davis

Irvine

Los Angeles

Merced

Riverside

San Diego

San Francisco

Santa Barbara

Santa Cruz

UC Law San Francisco

UNIVERSITY OF CALIFORNIA WEB ADDRESSES

BERKELEY planyourlegacy.berkeley.edu

DAVIS plannedgiving.ucdavis.edu

IRVINE plannedgiving.uci.edu

LOS ANGELES legacy.ucla.edu

MERCED giftplanning.ucmerced.edu

RIVERSIDE planmygift.ucr.edu

SAN DIEGO giftplanning.ucsd.edu

SAN FRANCISCO ucsf.giftplans.org

SANTA BARBARA plannedgiving.ucsb.edu

SANTA CRUZ plannedgifts.ucsc.edu

AGRICULTURE AND NATURAL RESOURCES ucanr.edu/development-services/ways-give

UC LAW SAN FRANCISCO uclawsf.givingplan.net