

Financial and Charitable Strategies for Alumni, Parents, and Friends of Williams College

giftwise

MAKING A DIFFERENCE TODAY & TOMORROW Combining Outright and Planned Gifts

FOR BILL JAUME '77 the path to Williams went across a 90 mile strip of the Atlantic Ocean. Born in Cuba to a middle class family, Bill's mother and father sent him to the U.S. in 1962 when he was only eight as part of Operation Pedro Pan. During that effort, 14,048 children left their families through the Catholic Welfare Bureau in what was to become the largest exodus of unaccompanied children in the Western Hemisphere.

Bill, five boys and about a dozen girls ended up in New Jersey at Mount St. John Academy.

The separation from his family was supposed to be temporary, but in October, four months after he arrived in the United States, the Cuban Missile Crisis changed his family's plans. They lost their visas and could not leave Cuba. For four years, he only exchanged letters with his family, speaking to them on the phone just a few times a year.

When the time came to think about college, Bill applied and was admitted early decision to Williams and offered generous financial aid that made it possible for his family to send him here. The first time he saw the campus was on move-in day in 1973.

After Williams, Bill earned an MBA in finance from New York University and spent 25 years working on Wall Street. He returned to Florida in 2008. He says, "The Williams education was top notch but it also opened a lot of doors. Starting out, I heard 'Williams, wow' repeatedly from interviewers. The college was seminal in my life in so many ways."

Nearing his 40th reunion and in the process of doing some estate planning, Bill realized he was in a position to Teach It Forward by supporting student financial aid. Originally just considering planned gift through life insurance, Bill realized he could live many decades more and didn't want Williams to have to wait.

He decided to combine an outright gift with a planned gift. "I wanted to have an impact now so I would know there was a student with an immediate scholarship. But the possibility of doing so much more later is also very appealing."

Williams helped Bill start a scholarship with a preference given to students of Cuban heritage. Just as they did with Bill, our Gift Planning office can work with you to fulfill your philanthropic goals for today and for the future.



Memorable professors for Bill included: his thesis advisor Gene Bell-Vilada, Anson Piper, Susan Dunn, and Irwin Shainman who gave him an appreciation for opera that manifests itself today in his service as a board member of south Florida's premiere vocal ensemble Seraphic Fire.

Please come to the

EPHRAIM WILLIAMS SOCIETY BREAKFAST

Join President Adam Falk as we honor
alumni, parents, and friends who have
established legacy gifts for Williams.

FRIDAY, JUNE 9, 2017

8:00–9:30 a.m. Breakfast

8:30 a.m. Conversation with President Falk

THE WILLIAMS INN
1090 Main St. • Williamstown



RSVP BY MAY 19 to Cheryl Brigley, Gift Planning Office, 877 374 7526 or cbrigley@williams.edu

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Williams

IMPACTFUL GIVING FROM ACROSS THE POND

Benefit from UK Gift Aid and US Tax Deductions



TO BENEFIT WILLIAMS AND ITS ALUMNI and friends in the United Kingdom, Williams has established the Williams College Foundation (UK) Limited, a private limited company approved by charitable tax authorities in the UK and US. Although registered in the UK the Foundation's sole shareholder is Williams College. The Foundation is structured to enable UK donors obtain tax relief in both the UK and the US on the same charitable donation.

Gifts made to the Foundation may be eligible for Gift Aid, tax relief designed to encourage charitable giving in the UK. Through Gift Aid charities increase the value of charitable gifts by reclaiming income taxes already paid on the gross amount of the gift. For example, on a £1,000 gift, the Foundation could recover an additional £250 from the UK government at no extra cost to the donor. Higher-rate taxpayers may be entitled to claim further tax relief in their self-assessment tax return.

UK taxpayers who are also subject to US tax may be eligible to take advantage of Gift Aid, and also

claim a US federal income tax charitable deduction for the amount of the gift made to the Foundation.

“ Helping Williams financially can be complicated when living abroad. For US citizens working overseas, the need to navigate two separate and sovereign tax systems is complex, and adhering to the demands of overlapping tax systems can negate or even penalize well-intended charitable gifts.

The Williams College Foundation (UK) Limited specifically allows dual UK-US taxpayers to claim UK Gift Aid and a tax deduction in the UK while still benefiting from a US tax deduction.

Supporting Williams is an important priority for me and my family, and we believe the new foundation will be an enduring development that further extends the global engagement and success of Williams.



—Eugene Kim '86,
a trustee to the Foundation

As we move through the somewhat unpredictable transitional early days of a new administration, it can be helpful to understand how the political landscape might impact deductions for charitable giving. Williams is lucky to have an expert in our midst, economics professor Jon Bakija, who through his research, spent extensive time considering charitable giving.

CHANGES TO CHARITABLE DEDUCTIONS POSSIBLE

An Interview with Economics Professor Jon Bakija



BAKIJIA IS NO STRANGER TO CHARITABLE TAX DEDUCTIONS— in 2013 he published research on how economic incentives change behavior and increase charitable giving (tinyurl.com/bakija-article).

Stressing that his speculation was based on campaign rhetoric including proposals that may or may not come to fruition, Bakija shared these thoughts on charitable giving and taxes going forward.

The President offered different tax plans on the campaign trail and a proposal in late April. Bakija cautioned that whatever plan ultimately passes is likely to be very different than what was proposed.

Taxes have not seen the early action some predicted perhaps because of other early priorities or the complexity of changing the tax code. Arcane details of budget politics make it easier to get a permanent tax cut through the Senate if it can be coupled

with spending cuts of equal or greater value. There is also significant disagreement, even among Republicans, about those spending cuts.

The last iteration of Trump's tax proposal during the campaign included the idea of capping itemized deductions for charitable donations, but his April proposal promised to preserve it. Capping would reduce the tax savings from charitable giving, but Bakija pointed out, there does not currently seem to be a lot of support in Congress for this cap. For example, charitable deductions are not capped in the "Better Way" plan released by Paul Ryan and the House Republicans.

On the stump, Trump also proposed eliminating the estate tax. Bakija pointed to plenty of support for this among Republicans in Congress. Some of Bakija's earlier research (tinyurl.com/Bakija-estate-tax) suggests that elimination of the estate tax would probably reduce charitable

donations. The current estate tax incentivizes charity, and historical evidence suggests people are fairly responsive to those incentives.

In closing Bakija noted, "A fairly likely scenario is that the income tax rate will be lower next year so your tax savings from making a charitable donation this year will be higher than in the future."

LEARN MORE:

Bakija has just finished a new edition of *Taxing Ourselves: A Citizen's Guide to the Debate over Taxes*, which is written for a general audience and comes out in May. Learn more at <http://tinyurl.com/taxing-ourselves>



“Anticipating our support of the 50th Reunion, we worked with the gift planning staff to explore life income gift options. Using low cost basis, long-term appreciated securities to fund our deferred payment charitable gift annuity, we saved on capital gains taxes and took a federal income tax charitable deduction in the year of our gift. Starting in 2017, we will receive fixed income payments for life, and in the end our gift will assist '67 Memorial Scholarship students. We were also welcomed as members of The Ephraim Williams Society.”

—Fred '67 and Linda Ball



BENEFITS OF APPRECIATED SECURITIES

A Great Way to Support Williams

DONATING LONG-TERM APPRECIATED SECURITIES (held more than one year) is simple to do and offers compelling benefits: a federal income tax charitable deduction for the fair market value of the appreciated stock at the time of the gift; avoidance of all capital gains tax; and immediate support for the college.

Outright gifts of securities are a tax-leveraged way to make your Alumni Fund or Parents Fund gift or to make a gift to the college endowment or a specific capital project.

Appreciated securities may also be used to fund life income gifts with similar benefits. For example, when you make a gift of long-term appreciated securities to a charitable

gift annuity (CGA) or charitable remainder trust (CRT), you earn a federal income tax charitable deduction for part of your gift, plus there is no immediate recognition of capital gains. Instead, you can receive significant federal capital gains tax deferral and savings while creating a stream of income.

In addition, life income gift donors who have concentrated holding in a specific appreciated stock have an added benefit when they fund a CGA or a CRT with that stock. The donation exchanges the stock for an income stream without realizing immediate capital gains plus the donor reduces their exposure to market fluctuations in that specific stock.