Fern Asma, MD, is sympathetic to the costs facing new physicians as they start their practices, especially in paying back school loans and purchasing medical liability insurance. “I admire Stritch students and want to give them some help as they begin practicing medicine,” she explains. “I don’t want them to start their careers with a huge debt hanging over their heads.”

A 1946 graduate of the Loyola University Chicago Stritch School of Medicine, Dr. Asma established a charitable gift annuity of approximately $140,000 to be used toward scholarships. This type of gift allows a person to support Loyola University Chicago and receive a guaranteed income stream for life. Dr. Asma’s charitable gift annuity will ultimately be used to establish the Fern A. Asma, MD, Endowed Scholarship Fund at the Stritch School of Medicine.

As one of only four female students in her class at Stritch, Dr. Asma faced vastly different challenges than those of current students. On her first day of class, “We were walking into an anatomy class and the professor was standing at the door shaking hands with all the male students, so I held out my hand,” she recalls. “Instead, he said to me ‘Oh, you’re here looking for a husband; you took a place away from a man.’” Fortunately, that event was not a foreshadowing of Dr. Asma’s four years at Stritch. “The rest of the faculty was wonderful; most were downright supportive of me and the other women,” Dr. Asma recalls. “I enjoyed my years at Stritch and received an excellent education.”

After graduating from Stritch, Dr. Asma practiced gastrointestinal medicine with a group of physicians in a downtown Chicago office and with her father, a general family practitioner, in his office in the Roseland neighborhood on Chicago’s south side. She then spent 28 years at Illinois Bell as an occupational medicine physician.

Dr. Asma retired in 1983, but she still keeps a foothold in medicine by occasionally attending alumni reunions and other events at Stritch. “I enjoy coming to Stritch and visiting the students,” she says. “It does my heart good to talk to them and know there is hope for the future of medicine.”

Good news—the tax-free IRA charitable rollover is back!

The special opportunity that expired at the end of 2007 has been extended to 12/31/09.

According to this new legislation, such gifts can:

1. Count toward your required minimum distributions, and
2. Be excluded from your gross income: a tax-free rollover

Please let us help you plan your gifts to Loyola in a way that will make best use of your support while improving your financial outlook. Return the enclosed reply card for more information. We also invite you to contact us at 708.216.5641.
Daughter honors her father’s dedication

As a physician who practiced occupational medicine for more than 50 years in Chicago, 1939 Loyola University Chicago Stritch School of Medicine alumnus Henry Falk, MD, treated a wide variety of patients. His daughter, Jacqueline Falk, believes that the best tribute she can make to her late father is to create a scholarship for Stritch students with a $100,000 gift from her estate.

After graduating from Stritch, Dr. Falk completed an internship at Cook County Hospital. Following the United States’ entry into World War II, Dr. Falk served in the U.S. Army as a flight surgeon. “He was in the European theater for four years,” his daughter says. “He received numerous medals and awards for his service.”

Following his military service, Dr. Falk practiced general medicine in an occupational medical clinic on Chicago’s West Side, where companies and agencies sent their injured and ill employees. Some of the clinic’s clients included the Chicago Board of Education and the Chicago Stadium (now known as the United Center). “The stadium hosted sporting and theatrical events, so my father treated injured and sick athletes and actors, as well as audience members,” Ms. Falk says.

Ms. Falk has owned and operated a marketing company, Marketing Communicators, for about 20 years, providing public relations and promotional work. She considers her gift to Stritch a natural extension of her marketing career for the medical profession.

“If my family’s gift can help even just one well-rounded student get through medical school and begin a career treating the whole patient, then the scholarship will be a success.”

Loyola launches capital campaign

On September 20, 2008, Loyola launched its biggest fund-raising campaign to date. Partner: The Campaign for the Future of Loyola seeks to raise $500 million to support student scholarships, medical research, new facilities, and other key initiatives for Loyola University Chicago and the Loyola University Health System.

Thanks to dedicated supporters, Loyola has already raised over $280 million. The campaign promises to continue Loyola’s extraordinary recent momentum and usher in a new age of learning and health care in Chicago. For more information, please visit LUC.edu/partner.
Often, people are surprised to learn that there are many ways to make a gift to charity and receive a stream of income in the process. You may have been vaguely aware of the possibilities but never examined in detail how such a charitable gift could fit your own long-term financial needs. The current period of low interest rates makes several of these charitable planning strategies more appealing than ever.

The oldest and most popular gift arrangement is the charitable gift annuity, which returns to the donor—or one or two beneficiaries—a stream of income for life, based on a fixed percentage of the amount of the gift.

The rate in effect when you acquire a gift annuity never changes. It is guaranteed for life.

In light of current market conditions, gift annuity rates are very appealing. But there are other factors that enhance them even more. You receive a deduction in the year you fund the annuity, and each year—for the duration of your life expectancy—a portion of each payment you receive is tax-free. These tax benefits effectively increase your yield, as the following example demonstrates.

**Example:** Mary J, 70, contributes $10,000 to Loyola in exchange for a gift annuity that will pay her $610 annually. The gift produces an income-tax deduction of $3,712 that, in her 28 percent marginal income-tax bracket, saves her $1,039 (28 percent of $3,712). Thus, her out-of-pocket cost for the annuity is $8,961, and the $610 annual payment to her is equivalent to a 6.8 percent return.

Because part of the annual payment Mary J receives from the annuity is tax-free ($395 of the $610 is not taxed), her return is the equivalent of $764 of taxable income. Measured against her out-of-pocket cost ($8,961), this represents an equivalent, fully taxable yield of 8.5 percent.

You should not select a gift annuity merely for a higher return, since you are irrevocably committing the principal to us. But if you are looking for a way to make a significant gift and generate increased cash flow, gift annuities are very appealing—perhaps even more so in current economic conditions.

**Gifts of bonds avoid capital-gain tax**

As interest rates fall, the price of bonds goes up. *The reason:* Since bonds pay a fixed amount of interest, the bond market is seeking price levels where the yield-on-investment more closely reflects current returns on other investments. That means higher bond prices.

For example, a long-term bond with a face value of $175,000 and a coupon rate of 10 percent issued a number of years ago will pay $17,500 interest each year, regardless of its market value. Because the 10 percent nominal rate is significantly higher than current rates, investors are willing to pay a premium—perhaps more than $250,000—to get the bond’s $17,500 annual income. Those who bought high-interest bonds at par several years ago have probably seen their value go up substantially—if they haven’t been called in the meantime. This is the good news.

The bad news comes in two parts. First, if an investor holds on to

---

**$10,000 GIFT ANNUITY**

<table>
<thead>
<tr>
<th>Age(s)</th>
<th>Payout Rate</th>
<th>Total Annual “Income”</th>
<th>Tax–Free Portion</th>
<th>Allowable Charitable Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Annuitant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>5.5%</td>
<td>$550</td>
<td>$316</td>
<td>$2,389</td>
</tr>
<tr>
<td>65</td>
<td>5.7%</td>
<td>$570</td>
<td>$347</td>
<td>$3,105</td>
</tr>
<tr>
<td>70</td>
<td>6.1%</td>
<td>$610</td>
<td>$395</td>
<td>$3,712</td>
</tr>
<tr>
<td>75</td>
<td>6.7%</td>
<td>$670</td>
<td>$462</td>
<td>$4,271</td>
</tr>
<tr>
<td>80</td>
<td>7.6%</td>
<td>$760</td>
<td>$553</td>
<td>$4,802</td>
</tr>
<tr>
<td>85</td>
<td>8.9%</td>
<td>$890</td>
<td>$692</td>
<td>$5,292</td>
</tr>
<tr>
<td>Two Annuitants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>60-60</td>
<td>5.2%</td>
<td>$520</td>
<td>$293</td>
<td>$1,312</td>
</tr>
<tr>
<td>65-65</td>
<td>5.4%</td>
<td>$540</td>
<td>$324</td>
<td>$1,927</td>
</tr>
<tr>
<td>70-70</td>
<td>5.6%</td>
<td>$560</td>
<td>$357</td>
<td>$2,688</td>
</tr>
<tr>
<td>75-75</td>
<td>6.0%</td>
<td>$600</td>
<td>$406</td>
<td>$3,343</td>
</tr>
<tr>
<td>80-80</td>
<td>6.6%</td>
<td>$660</td>
<td>$473</td>
<td>$3,991</td>
</tr>
<tr>
<td>85-85</td>
<td>7.4%</td>
<td>$740</td>
<td>$562</td>
<td>$4,662</td>
</tr>
</tbody>
</table>

Calculations are based on quarterly payments and a discount rate of 3.6 percent.
Overcome low interest rates continued

a bond until maturity, it will be redeemed for its face value, which will be considerably diminished by inflation. Second, if the investor sells the bond at the current appreciated price, part of the gain will be lost through capital-gain tax.

Here again, if you are a person with charitable goals, you have some attractive options. You could contribute a bond that has appreciated in value to fund a charitable remainder annuity trust. Because the trust is tax-exempt, it could sell the bond without incurring capital-gain tax, thus preserving the entire market value for reinvestment. You would be able to take a deduction based on the full fair-market value of the bond and avoid any tax on the appreciation.

Example: Tom and Ruth H, both 77, fund a charitable remainder annuity trust with a bond worth $250,000 they bought years ago for $175,000. It pays $17,500 in interest each year. A comparable bond can be bought at par that will yield 5 percent.

Accordingly, they structure the trust to pay themselves $15,000 each year (6 percent of $250,000) as long as either of them lives. After their deaths, the principal will pass to Loyola.

The gift produces a charitable tax deduction of $95,775. In their 35 percent marginal income-tax bracket, this saves them more than $33,500 in taxes (35 percent of $95,775). Tom and Ruth invest the tax savings at an average of 5 percent to generate an additional $1,675 of income.

If you have highly appreciated bonds and are not concerned with receiving a return from your gift, you would still find them an excellent choice for an outright gift. You can deduct the full fair-market value of a bond given outright and avoid any tax on the appreciation. This is another wonderful way to capture the benefits of a bond’s increase in value while supporting Loyola.

Call on us

For further information about opportunities during a period of low interest rates, please return the enclosed card for your complimentary copy of Charitable Solutions to Investment Dilemmas.

Ready to help you

When you have questions about making a gift to Loyola University Chicago Stritch School of Medicine, the planned giving team is ready to answer them. Please call or write us at:

Loyola University Chicago Stritch School of Medicine
Office of Development & Alumni Relations
Shawn Vogen, PhD, Assistant Dean for Development
2160 South First Avenue
Maywood, IL 60153

708.216.5642
svogen@lumc.edu

Caring for Our Future is published by the Office of Planned Giving at Loyola University Chicago on a periodic basis. This publication illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should consult with competent tax and legal professionals as to the applicability of any items to your personal situation.