Alumnus bolsters School of Business scholarship with $1 million gift

Loyola programs due to financial constraints. “Ultimately, this gift signals a strong vote of confidence for a great Jesuit school of business delivering premier undergraduate and graduate programs in the city and wanted to change the world. Our eagerness to succeed stood us well in our business lives after we graduated.”

Sullivan also remembers working his way through school to pay the $1,000-a-year tuition. “Today it

“My gift will help ensure future generations of Loyola students receive a quality Jesuit education at an affordable price. I believe that able alumni should provide seed money for new programs, new buildings, and other necessities that can transform the University.”—Michael Sullivan (BS ’61)

Alumnus Michael Sullivan (BS ’61) credits much of his success in life to his years at Loyola. So much so that he and his wife, Jean, have generously chosen to give a $1 million gift annuity to the School of Business to bolster scholarship support to deserving students.

“I believe that Loyola has a great mission and a history of providing an excellent education to every one of its students,” says Sullivan, a University trustee. “It’s important for us to support the school by making sure that the educational opportunity we had continues for future generations.”

According to Abol Jalilvand, dean of the School of Business and professor of finance, the scholarship funds will help Loyola attract top students who may not otherwise be able to attend of Chicago and nationally,” Jalilvand says.

Growing up on Chicago’s far South Side in the 1950s, Sullivan says his mother was intent on his attending college.

“My mother came from a family with 12 children and was a college graduate at a time when not many women received degrees,” says Sullivan. “She made it her mission in life that I go to a good Catholic school. I chose Loyola by its reputation for academic rigor and for its Jesuit values.”

Sullivan was active in campus life as a member of the business fraternity Delta Sigma Pi. “Our goal was to be the No. 1 student group on campus. We were young and full of energy would be nearly impossible,” he says. But back then, he took a full load of classes and had two jobs. Sullivan operated his own newspaper stand at 111th and Kedzie and also worked for a heating-oil company after school and on weekends. “Earning about $100 a week, I made enough to pay tuition and help out at home.”

Sullivan’s career began with Arthur Andersen and Co. and eventually

continued on next page
New digital library opens

On January 14, 2008, the doors of the Richard J. Klarchek Information Commons opened to students at Loyola University Chicago. The Lake Shore Campus's newest building, the Information Commons is fast becoming the new academic heart of the University. With 700 computer and study seats, an eco-friendly design, and a dramatic location on Lake Michigan, the Information Commons is as innovative as it is beautiful.

Alumnus continued

led him to become CEO of a national retail clothing-store chain listed on the NY Stock Exchange. Today he is a private investor with interests in health care, health, and nutritional products and a metal-forming company. He is also lead director for Constellation Energy Group, a Fortune 125 company with annual sales in excess of $20 billion.

“I’ve been blessed with a great wife, a terrific family, and success in business,” says Sullivan. “I attribute much of my good fortune to my time at Loyola. Those formative years were the building blocks of my career, so I have a great love of the school and am very excited to be able to provide this opportunity to students in need.”

According to Sullivan, a Jesuit education is an exceptional education in part because of the way students are taught. “It’s a blending of Catholicism and demanding academics that requires students to be disciplined about their studies. That combination lays the foundation for a lifetime of critical thinking and a push to perform at the top of your ability—to always be challenged and encouraged to
Charitable giving doesn’t have to be a one-way proposition. It is possible to make a charitable gift and actually have an income stream flow back to you—all while generating valuable income-tax benefits.

In this issue of Generations, we explore how gift annuities work and some of the tremendous planning opportunities they present. Perhaps you will find that a charitable gift annuity is your kind of charitable giving plan.

What exactly is a charitable gift annuity?

At its heart, a gift annuity is simply a contract between a donor and a charity, such as Loyola University Chicago. In exchange for a gift of a specified amount, we agree to make specified annual payments for life to one or two beneficiaries (annuitants).

Are the funds I contribute for a gift annuity set aside and invested to secure my annual income payments?

Actually, the annuitant’s security goes far beyond the specific funds contributed for a gift annuity. Our obligation to make gift annuity payments is backed by all the assets of Loyola, not just the amount contributed for any individual gift annuity.

How are the payout rates determined?

All charities are free to set the rates they offer, as long as the rates comply with any applicable state regulations. Generally, charities choose to follow the schedule of recommended maximum rates published by the American Council on Gift Annuities. These recommended rates change from time to time, based on a variety of economic factors. (Any changes would affect only newly issued annuities.) The chart below shows the rates available through June 30, 2008, for annuitants of various representative ages. Please note that payout rates will decrease as of July 1, 2008.

### Sample Benefits of a $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>65</td>
<td>6.0%</td>
<td>$600</td>
<td>$340</td>
<td>$3,225</td>
</tr>
<tr>
<td>75</td>
<td>7.1%</td>
<td>$710</td>
<td>$466</td>
<td>$4,226</td>
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<tr>
<td>85</td>
<td>9.5%</td>
<td>$950</td>
<td>$715</td>
<td>$5,139</td>
</tr>
<tr>
<td>Two annuitants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>65-65</td>
<td>5.6%</td>
<td>$560</td>
<td>$311</td>
<td>$2,257</td>
</tr>
<tr>
<td>75-75</td>
<td>6.3%</td>
<td>$630</td>
<td>$403</td>
<td>$3,400</td>
</tr>
<tr>
<td>85-85</td>
<td>7.9%</td>
<td>$790</td>
<td>$577</td>
<td>$4,515</td>
</tr>
</tbody>
</table>

Calculations are based on quarterly payout. *Rates are valid through June 30, 2008.

I am married. Can income payments be made as long as either one of us is alive?

Absolutely. A gift annuity can be created to pay one or two annuitants for life. It can pay either the donor or the donor and his or her spouse jointly and then the survivor.

How is my charitable tax deduction determined?

The charitable deduction is equal to the difference between the amount of the contribution and the value of payments to the annuitant(s). Deductions are lower for younger people since they are likely to live longer. Similarly, deductions are lower when there are two annuitants rather than one.

Note: The deduction is also affected slightly by both a federal discount rate that changes from month to month and the frequency of payouts. See chart for representative deductions.

How are the gift annuity payouts I receive taxed?

For tax purposes, a gift annuity contribution is treated as part gift and part purchase of an annuity. The gift portion is the amount deductible the year you create the gift annuity. The balance is treated as the purchase price for the annuity. It is treated as a return of your original “investment” and comes back to you tax-free over your life expectancy.

Example: George N, 68, contributes $40,000 for a charitable gift annuity. Each year he will get payments of $2,520. Of that amount, $1,492 is treated as a tax-free return of his “investment,” and the balance is treated as ordinary income. If George lives longer than his life expectancy of 17.5 years, all of his payments thereafter will be treated as ordinary income.

Can I give stock instead?

Most definitely. If you own stock for more than 12 months, any gain you realize on its sale would be subject to capital gains tax.

**Act now!**

The payout rates for charitable gift annuities will drop, effective July 1, 2008. You can secure more income for life by making your gift by June 30, 2008. Contact our office today to learn how much income your gift could generate!
The charitable gift annuity continued

to capital-gain tax at rates up to 15 percent.

On the other hand, if you use appreciated stock to fund a gift annuity and retain annual payments for yourself, only a portion of the gain would be taxable—and recognizable in equal amounts over your life expectancy.

If you designate someone other than yourself to receive the annual income, the amount of gain you must recognize is still reduced if compared to a sale, but you must recognize all of it in the year you create the gift annuity.

How do returns on gift annuities compare with returns on regular investments?

It is important to remember that a charitable gift annuity is a charitable giving plan. It is not an investment. However, if annual net spendable cash flow is a major objective for you, a charitable gift annuity compares quite favorably with regular investments.

Save the dates

Loyola’s 4th Summer Institute on Aging
August 11–14
This institute will focus on the subject of financial exploitation of the elderly. Expert speakers will conduct many of the segments, and participants can engage in interactive experiences. This annual joint seminar between our School of Law and School of Social Work trains students and community professionals in the areas of law, nursing, and social work in all aspects of aging. For more information, please contact Marcia Spira, PhD, at 312.915.7580 or mspira@luc.edu.

President’s Mass & Brunch
Sunday, August 24
Mass at 10:30 a.m., Brunch Immediately Following
Mass and brunch honoring members of the Society of the Shield, Loyola Loyalists, and Damen Society. For additional information, contact the Office of Planned Giving at 800.424.1513.

Loyola Family Weekend
September 26-28
Whatever your Loyola connection, with three days of fun-filled activities, Family Weekend is the perfect opportunity to experience a vibrant Loyola University Chicago. Check out LUC.edu/familyweekend for more information.

For more information:

If you have additional questions or just would like additional information, please contact our office at 800.424.1513. To receive a complimentary copy of 12 Ways a Charitable Gift Annuity May Benefit You, simply return the enclosed card.

Ready to help you

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

Loyola University Chicago
Jamie Orsini, Director of Planned Giving
820 N. Michigan Avenue
Chicago, IL 60611

312.915.6425
800.424.1513
plannedgiving@luc.edu

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