Scholar, teacher, traveler, leader remembers Mundelein

In a life of notable richness, Katherine Taft, née DeLage, has always found a way to organize, teach, and push for progress. As a chemist, a volunteer, a world traveler, and now through a gift annuity, Taft has ensured that the Mundelein legacy of preparing women for leadership lives on.

Born in Chicago in 1917, Taft spent her childhood in Rogers Park, moved around the country, and then returned to Chicago. After graduating from Austin High School, she chose Mundelein because of its progressive science program and a scholarship she received. “If I hadn’t received that scholarship to Mundelein, I never would have, in the depths of the Depression, gotten the kind of education that I did,” she explains.

In the 1930s she and other Mundelein and Loyola students became interested in the Catholic Worker movement, which later led to her involvement with the Association of Catholic Trade Unionists and the Catholic Labor Alliance. Taft graduated in 1938, married, and worked for the Chicago Relief Administration before landing a job before the war broke out as a chemist at Johnson & Johnson, and then later at Central Process Corporation in Forest Park.

After working as a chemist for several years, and having two children, she turned her focus to a piece of property she and her husband had purchased in Highland Park, where she helped to design and physically build their home. She had three more children and started volunteering at their grade school.

“It wasn’t very easy for a girl to become a chemist in the ’30s.”

She earned her teaching certificate and started teaching at Barat College and Woodlands Academy.

She enrolled in Cornell University’s summer Earth Science Institute and finished her master’s in soils in 1961. By this time, Taft had launched a rich career as a teacher, researcher, and organizer. From 1963 to 1968 she worked at Barrington Consolidated High School as a chemistry teacher and developed their senior earth science courses. 1968 brought her back to Mundelein for a time, as a part-time faculty member starting a program for elementary school science teachers. She served as the regional director for the National Science Teachers Association, organizer and vice-president of the Illinois Science Teachers’ Association, and science director of Barat College’s Upward Bound Program from 1966 to 1973.

continued on next page

Katherine Taft (MUND ’38) at her home in Chicago
In 1980, she took an early retirement from Edgewood Middle School, but didn’t slow down, relocating to Vienna, Austria, to teach at the American International School. This started a stretch of traveling that has brought Taft to 70 countries, including Easter Island, Antarctica, China, and Venezuela. Turning her sights back on Chicago, Taft volunteered at the Farm in Lincoln Park Zoo for over 16 years, milking goats, churning butter, and teaching children about the animals. Her commitment to educate children through her volunteer work has remained steadfast, even through trying times. She continued to volunteer through the illness and death of her husband in 1995, and pursued additional volunteering at Nettelhorst Elementary and Lakeview High School.

Always a generous spirit, Taft has found a way to help others yet again by establishing a gift annuity to benefit the Gannon Center. “Loyola has been a tremendous help,” she says, in establishing the annuity that both supports the spirit of Mundelein and will help to keep her secure for as long as she lives. She has also donated numerous articles to the Gannon Center archives. Currently, her graduation cap and gown, various papers from her teaching career, and her diploma, which was one of the last to be written in Latin, are all preserved for future generations. “I suppose it’s a little selfish of me, but I think young people should have a concept of the struggles we’ve gone through. It wasn’t very easy for a girl to become a chemist in the ‘30s,” she explains.

Always looking forward with an eye to women’s leadership, Taft says, “I still think there’s a ways to go, and it’s important to remember how far we’ve come.” With her great life’s work and now her gift, Katherine Taft is making sure that we never forget.
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 The Mundelein Legacy, 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.

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

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>60</td>
<td>5.7%</td>
<td>$570</td>
<td>$303</td>
</tr>
<tr>
<td></td>
<td>65</td>
<td>6.0%</td>
<td>$600</td>
<td>$340</td>
</tr>
<tr>
<td></td>
<td>70</td>
<td>6.5%</td>
<td>$650</td>
<td>$397</td>
</tr>
<tr>
<td></td>
<td>75</td>
<td>7.1%</td>
<td>$710</td>
<td>$466</td>
</tr>
<tr>
<td></td>
<td>80</td>
<td>8.0%</td>
<td>$800</td>
<td>$558</td>
</tr>
<tr>
<td></td>
<td>85</td>
<td>9.5%</td>
<td>$950</td>
<td>$715</td>
</tr>
<tr>
<td>Two annuitants</td>
<td>60-60</td>
<td>5.4%</td>
<td>$540</td>
<td>$279</td>
</tr>
<tr>
<td></td>
<td>65-65</td>
<td>5.6%</td>
<td>$560</td>
<td>$311</td>
</tr>
<tr>
<td></td>
<td>70-70</td>
<td>5.9%</td>
<td>$590</td>
<td>$351</td>
</tr>
<tr>
<td></td>
<td>75-75</td>
<td>6.3%</td>
<td>$630</td>
<td>$403</td>
</tr>
<tr>
<td></td>
<td>80-80</td>
<td>6.9%</td>
<td>$690</td>
<td>$472</td>
</tr>
<tr>
<td></td>
<td>85-85</td>
<td>7.9%</td>
<td>$790</td>
<td>$577</td>
</tr>
</tbody>
</table>

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

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

“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-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.

Save the Dates!

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.

Mundelein Reunion
September 13–14

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.

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 the Gannon Center, the planned giving team is ready to answer them. Please call or write us at:

The Ann Ida Gannon, BVM, Center for Women and Leadership
c/o Loyola University Chicago
Melissa Obrock, Director of Development
820 N. Michigan Avenue
Chicago, IL 60611

312.915.8674
800.424.1513
plannedgiving@luc.edu

The Mundelein Legacy 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.