Frank and Pat Covey: Two lives intertwined with Loyola

On his first day as a law school faculty member, Frank Covey Jr. (BS ’54, JD ’57) got lost. “They had posted a list of classrooms, but I didn’t realize that they were only potential locations,” he says. “My class was evidence, so I found the classroom number on the list, then I walked in and just started teaching. Then, after 15 minutes, a hand went up and a student said, ‘Professor, this is torts class, not evidence.’ Well, I was embarrassed. The next day, I saw that same student on the bus and asked him why he hadn’t said something earlier. He replied, ‘We’re just 1Ls. We don’t know anything.’"

In a life filled with success born through hard work and dedication, that was perhaps the only time Frank Covey lost his way. As a student, faculty member, and life trustee, he has spent more than half his life associated with Loyola. With a $100,000 living trust designated to the School of Law, he and his wife, Pat, have become major supporters of the institution that has been an integral part of their lives since the 1940s.

Frank’s relationship with Loyola started in high school. A native of Chicago’s North Side, he enrolled at Loyola Academy, which was then located in Dumbach Hall on the Lake Shore Campus. In the South Shore neighborhood of Chicago, his future wife, Pat, studied at Aquinas High School (now closed). The couple met at a debate tournament. “Frank and his partner were really good,” Pat says. “Every time I watched Frank debate, I doubted that I’d win. But I did win, once.”

In 1950, after graduating from high school, Frank enrolled at Loyola. Pat went to college in Detroit before transferring to the former Barat College in Lake Forest, Illinois. They were both members of a college student federation and would see each other from time to time, but they remained only acquaintances.

After college, Frank entered Loyola’s School of Law. After graduating, with the hope of teaching law, he attended the University of Wisconsin and received a doctorate of juridical science in 1959. However, when he applied for work at Loyola’s law school, he found joining the faculty to be more difficult than planned. Not able to find a teaching job, he first went into practice at a small law firm. A year later, he began working at McDermott Will & Emory, becoming first a trial lawyer and then a partner. During his 14 years there, he also taught political science as an adjunct professor at Loyola.

Pat received a master’s degree in the teaching of history from DePaul University in 1958 and taught kindergarten in Chicago Public Schools, mostly at Sullivan Elementary School on the South Side. Frank and Pat eventually married, and in 1969, the couple adopted a baby girl, Geralyn, and Pat retired. “As part of the adoption agreement, I had to promise to stay

Throughout both of their lives, Frank and Pat Covey have given back to Loyola just as much, if not more, than they’ve received.

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at home, so I had to leave teaching,” she says. The couple adopted a son in 1972, F. Michael, III, and five months later, Pat was pregnant with their son, Regis (BA ’96, JD ’99). Regis would go on to graduate from Loyola’s School of Law and now practices in Singapore, where his wife is a post-doctoral fellow at Duke’s graduate school of medicine.

In 1988, at the age of 55, Frank changed careers to pursue his lifelong dream of teaching law at Loyola. “I had decided while I was still in law school that I wanted to teach,” he says. “It just took me a while to get there.” Frank’s tenure at the law school, which included five summers teaching at the John Felice Rome Center, lasted until 2002, when he retired.

Throughout both of their lives, Frank and Pat Covey have given back to Loyola just as much, if not more, than they’ve received. “I’ve had a very long career at Loyola, including eight years with the Board of Trustees,” Frank says.

That kinship has motivated the Coveys to be some of Loyola’s most steadfast supporters, especially to causes to which they feel close. “Together, we endowed the Frank Covey Lecture Series in Political Analysis,” Frank says. “We pledged to the law school the same in our wills. I also had my cancer surgery performed at Loyola, and have been a regular contributor to the Cardinal Bernardin Cancer Center ever since. I have a lot of loyalty to Loyola.” That’s something not even a trial lawyer and debate champ would argue with.

### Four opportunities to make the economy work for you right now

1. **Take the guesswork out of retirement income**

   Retirement-plan fluctuations have made it more difficult than ever to predict exact levels of retirement income. Combining charitable planning with retirement planning is a creative strategy to fulfill important philanthropic goals while locking in retirement income down to the penny—all while enjoying major tax benefits.

   **Here’s how it works:** You transfer assets to Loyola University Chicago now, and we guarantee to pay you a specific amount each year beginning when you choose. **Your future income is guaranteed regardless of what happens in the market.**

   **Example:** Tom, 55, transfers $200,000 to Loyola in exchange for annual income at 8 percent each year, which will begin when he retires at the age of 65. After Tom’s death, funds from his gift will be available for a special project at Loyola that he wants to support. This plan, a deferred charitable gift annuity, will continue to pay $16,000 per year for as long as Tom lives, and $7,312 of his “income” will be tax-free for the balance of his life expectancy. Tom takes a deduction this year of $54,542, saving him $19,090 in his 35 percent tax bracket.

2. **An alternative to low-rate CDs**

   We also offer immediate-payment gift annuities for the life of one or two annuitants—an attractive alternative to the low rates currently available on CDs and other traditional income-producing investments. **Please see annuity rates below. Contact us for more details on current annuity rates.**

   **Immediate Gift Annuity Rates**

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3. **Get in on the ground floor of the recovery**

   If you have substantial charitable goals, there is a way to create a source of income right now and still benefit from future recovery. You can transfer assets to a charitable remainder unitrust (CRUT) that will pay you a fixed percentage of its value as it changes annually. If the

   **Time is running out for the charitable IRA rollover**

   If you are 70½ or older at the time you make your gift to us, you can transfer up to $100,000 from an IRA directly to Loyola this year without those funds being treated as a taxable distribution to you. Additionally, a gift from your IRA will reduce the minimum distribution you will be required to take from your IRA in the future. **Act now to take advantage of this limited-time opportunity to make a tax-free transfer!**
value of the trust’s investments goes up, your income will go up. You can structure a CRUT to make payments for your life or for any period of time you choose, up to 20 years, and it generates a significant tax deduction. At the end of the trust term, assets remaining in the trust pass to Loyola.

Example: Dan and Elizabeth, both 68, have seen the value of their stocks drop precipitously over the last year. They put $500,000 of their portfolio in a CRUT that will pay 5 percent of its value each year as long as either one of them lives. They will get 5 percent ($25,000) in the first year of the trust. The amount in future years will depend on the trust’s investment results.

If the trust achieves an average of 8 percent total return, their income will go up annually and could eventually exceed $46,000. What’s more, Dan and Elizabeth can take a deduction of more than $194,000, saving them more than $68,000 in federal income tax. If the trust achieves an 8 percent total return, there will be almost $1 million—$958,052—to create their gift.

3. Sell those losers before giving

Many of Loyola’s supporters are familiar with the strategy of giving appreciated stock instead of cash to get extra benefits, deducting the full value of the stock and not paying any tax on the paper gain. But in this down market, consider selling the stock first and then giving the proceeds to Loyola; and to reap double benefits:

- You can use the loss on the sale of the stock to offset other capital gain.
- Your cash gift generates a tax-saving charitable deduction.

4. Cash in on the gift-tax “sale”

The right to pass substantial amounts of your property on to others—such as children or other family members—typically comes with a price tag: federal gift or estate taxes. But low stock and real estate values and low interest rates have combined to put these taxes on “sale” for those who have significant charitable goals.

How can that be? You create a special fund that will make your gifts to Loyola for as long as you choose and then distribute the remaining amount to the persons you designate. The value of your gifts to Loyola will be subtracted from the total you put in the fund, and only the balance will be subject to gift or estate tax. With current low asset values and record low interest rates, it is the best time ever to create this kind of special fund.

Example: Phil intends to make gifts of $60,000 each year to Loyola. Phil is concerned about the federal tax bite
on the substantial assets he hopes to transfer to his children. Phil decides to use $1 million worth of his portfolio to create a special fund that will make his annual gift to Loyola for 20 years—and then distribute the remaining assets equally to his children. Because of the low discount rate, only $73,430 is treated as a taxable gift. Regardless of how much his fund grows, only that $73,430 will ever be subject to federal estate or gift tax. If the trust generates a total annual return of 8 percent, Phil’s children will ultimately divide more than $1,855,000—all free of any additional tax.

These special funds—known as charitable lead trusts—can be powerful planning tools. Various types of charitable lead trusts meet different planning objectives. The type you choose can have significant implications for income, gift, and estate taxes.

Please contact Jamie Orsini, director of planned giving, at 312.915.6424 or jorsini@luc.edu for more information on any of the topics mentioned above, or with any questions you have about planned giving at Loyola.

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**Save the date!**

**Art and Faith of the Crèche: The Collection of James and Emilia Govan**

November 29, 2009–January 17, 2010

Loyola University Museum of Art, Water Tower Campus

Crèche-makers from around the world interpret the nativity scene through the eyes of their own cultures.

**December 4, 2009** - Special reception for Society of the Shield and LUMA members

For more information, visit [LUC.edu/luma](http://LUC.edu/luma) or call 312.915.7600.

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**Next Steps:**

Are you wondering what your next best step is? Maybe you’d like more information, or maybe you’d like to speak to us directly. Here are a few options:

1. **VISIT US ONLINE** at LUC.edu/plannedgiving to learn more about how you and Loyola can benefit through charitable gift planning.
2. **RETURN THE REPLY CARD** to receive a free copy of our new booklet, *Effective Year-End Tax Planning with Charity in Mind*.
3. **CALL US** at 800.424.1513 to find out about how a gift to Loyola will further our mission and provide income to you for life.
4. **E-MAIL US** at plannedgiving@luc.edu. We’re happy to answer any questions you might have or send you more information.

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**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

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