A ccording to his children, the late Vincent Galante, (MD ‘43), son of an immigrant Italian newspaper vendor on Chicago’s North side, was talked into attending medical school by his elder brother Charles, already an established physician. Having had a successful career and loving family, Dr. Vincent Galante bequeathed an estate gift of $7.7 million, the largest in the school’s history, to Loyola University Chicago Stritch School of Medicine.

Like many of his contemporaries, Dr. Galante joined the war effort. He enlisted in the Naval Reserves in 1944 and served as a medical officer and surgeon in Washington DC, China, Japan, and California. Following his discharge in 1946 with a rank of lieutenant, he interned at St. Mary’s Mercy Hospital in Gary, Indiana, and did his radiology residency in Louisville, Kentucky, at Nichols Veterans Administration Hospital. “He loved being a radiologist,” his daughter-in-law, Angela, says, “and until the day he died he was up on current procedures and developments in the field.”

Dr. Galante and his wife, Marion, settled in Westchester, Illinois, and raised three children while he was on staff at Mother Cabrini and Holy Cross hospitals in Chicago. Later in his career, he earned a degree in and practiced nuclear medicine, becoming chief radiologist at Holy Cross Hospital.

“He always said, ‘I was able to go to one of the best medical schools around.’ That’s why helping Stritch was key for him—he thought the world of Stritch.”

A regular weekly bowler and, after retiring, a bridge player, Dr. Galante also loved beautiful cars. He owned a Jaguar for a time and two Corvettes in the early ‘60s. But his children agree that his greatest enduring passion was medicine. “He always said,” recalls his son, William, “‘I was able to go to one of the best medical schools around.’ That’s why helping Stritch was key for him—he thought the world of Stritch.”

Dr. Galante’s tremendous generosity comes at an exciting time of growth and investment in the educational and research efforts for the medical school. Discussions are under way for how this tremendous gift can best benefit Stritch and the future of medicine at Loyola University Health System.
The secret benefits of the gift annuity

You’ve read about them in recent issues of Caring for Our Future. You, undoubtedly, are already familiar with the essentials of charitable gift annuities:

- You transfer assets (usually cash or publicly traded securities) to a charity.
- One or two beneficiaries receive income for life; the amount depends on the beneficiaries’ ages at the time you establish the annuity.
- A portion of each income payment is usually tax-free.
- You receive a charitable deduction that can reduce your current taxes.
- There are potential gift- and estate-tax savings.
- You make a valuable charitable gift of whatever remains after the payment obligation is satisfied.

What you may not realize is that a gift annuity has multiple uses and that you may fund it with a variety of assets. Read on to learn many little-known uses, applications, and funding ideas.

Have you heard? A gift annuity can …

The typical gift annuity agreement is established with income beginning immediately, either by a single donor who is also the beneficiary or by a couple who are joint and survivor beneficiaries. Surprisingly, there are many other applications.

Support an elderly parent or someone else you care about with additional income

Roger’s mother, aged 82, lives in a retirement home, and Roger has been supplementing her income with a monthly stipend of $650. In his 35 percent bracket, he must earn $1,000 to pay the $650 subsidy.

To provide for his mother in a more tax-efficient manner and to support Loyola, his mother’s favorite charity, he decides to contribute stock worth $100,000 for a gift annuity, naming his mother as beneficiary. She receives $675 per month, and her after-tax income is the same as the amount Roger had been giving her.

Roger pays taxes on some of the gain in the stock but still realizes net tax savings generated by the charitable deduction. He also makes a taxable gift to his mother but pays no gift tax because of his lifetime exemption.

Supplement your future retirement income

Joan, 50, would like to supplement her retirement income. She contributes stock valued at $50,000 for a deferred gift annuity with payments to begin when she turns 65. She receives a current tax deduction of $10,090 and can count on payments of $4,900 per year when she turns 65. She plans to establish additional gift annuities in upcoming years.

Did you know that giving in tough economic times can provide more for your heirs?

Find out how at LUC.edu/plannedgiving, where you’ll find charitable giving strategies, up-to-date information on maximizing your gift’s value, an interactive gift planner, and much more.

Turn these assets into income

From an income standpoint, appreciated assets that are not generating current income are “idle assets.” You may be better served by converting such assets to a stream of income that can both supplement your retirement income with payments for life and benefit Loyola. Here are a few examples.

A paid-up life insurance policy

John, 74, no longer needs his life insurance policy with a face value of $100,000. The cash value is $40,000, and the adjusted cost basis
is $22,000. He decides to transfer ownership of the policy to Loyola for a gift annuity that pays him $2,440 annually for life. A portion of his payments will be tax-free for the duration of his life expectancy, and he will receive a charitable deduction of $9,038. **Note:** Had John surrendered the policy for cash, the gain ($18,000) would have been taxed as ordinary income.

**A deferred variable annuity**

Margaret, 79, paid $50,000 to an insurance company for a deferred variable annuity that now has a cash value of $80,000. She could surrender the contract and pay taxes on her $30,000 gain, or she could have the company pay her an annuity for life. Because she would like to make a gift and could also use some extra money right now, she surrenders the contract and then contributes the proceeds for a gift annuity with Loyola.

She will receive $5,520 per year for life and will pay no taxes on more than 77 percent of her payments during her life expectancy. The taxable gain in the variable annuity will be more than offset by a charitable deduction of $37,626; and she will realize some tax savings.

**Series EE savings bonds**

Robert and Linda, 76 and 75, made purchases of Series EE savings bonds totaling $40,000. Their value has grown to $66,000. To receive income and also make a gift to Loyola, they surrender the bonds and contribute the proceeds for a gift annuity. **Results:** Their annual income payments will be $3,696; almost 75 percent of the income will be tax-free for the duration of their life expectancy; and they receive a charitable deduction of $21,965, offsetting the tax on the gain. Had they simply invested the proceeds, they would have paid several thousand dollars in taxes.

**IRA assets**

Sue is 71 and decides to take $40,000 from her IRA this year. She requests a distribution, 20 percent of it is withheld for income tax, and the net amount she receives is $32,000. Then Sue contributes the $32,000 for a gift annuity that will pay her $1,856 each year for life.

The charitable deduction reduces the tax Sue would otherwise owe on the distribution, and the $8,000 withheld should cover the tax.

If she had not established the gift annuity, Sue probably would have paid several thousand dollars of additional tax on the distribution.
**Little-known application:** Sue could name Loyola as beneficiary of all or a portion of assets remaining in her IRA at the end of her life, with the agreement that the amount we receive will fund an annuity for her nephew, Joe. Thereby, she provides fixed payments to him and eliminates investment risk. **Pointer:** If Joe instead received payments from her IRA, the payments would escalate with age and could be exhausted with longevity and/or poor investment performance. A charitable gift annuity with Loyola ensures level payments for life, along with your charitable gift.

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**Save the date!**

Alumni Mass and Brunch  
Sunday, August 16, 2009  
10:30 a.m., Stritch School of Medicine, Maywood, Illinois  
The Annual Mass and Brunch honors members of Loyola’s Society of the Shield, Damen Society, and Loyola Loyalists.

Stritch School of Medicine Reunion Weekend  
Celebrating 100 Years of Medicine at Loyola  
Sept 25–27, 2009

Details forthcoming—for more information, call 708.216.3204.

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**For more information**

To learn more about gift annuities and their creative uses, please request our complimentary booklet, *The Charitable Gift Annuity: Guaranteed Income for Life*, by returning the enclosed response card or by visiting www.luc.plannedgifts.org/cga.

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**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  
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