Generations

Librarian leaves generous gift to Loyola

When Willouise “Willie” Donovan was born a century ago, America’s library system too was in its infancy. Andrew Carnegie’s inspiration to make available to everyone a means of self-education was embraced by Donovan, who spent her life as a teacher and librarian. Donovan’s devotion to the written word now benefits Loyola students who study in the elegant, warm, and inviting reading room of Cudahy Library. Upon her death in 2007, Donovan bequeathed a seven-figure sum to Loyola that included her family home, and the library’s reading room now bears her name.

“The Donovan Reading Room is a most fitting legacy for Mrs. Donovan. We chose to honor her memory by naming the reading room for a woman who loved books and the power of education.” —President Michael J. Garanzini, SJ

As a child of the Great Depression, Donovan learned frugality. She also learned from her mother how to invest wisely. Much of her savings came from investing in the stock market—so much so that on a teacher and librarian’s salary, she was able to leave a legacy to institutions whose missions she believed in. “She was also very charitable to those in need and would help anyone who asked,” adds Hanson.

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It was Donovan’s brother, Tom Artingstall, who suggested she give her money to whomever she thought would use it best. “She was a giving person—if something was worthy in her estimation, she’d support it. She was involved not only with Loyola but also with numerous Chicago organizations, including her local ward. She was the one person in her neighborhood that people could count on for help. She was very involved her whole life.”

“The newly named Donovan Reading Room will not only be a place where many of our students can do serious work, but it will also be a center of campus activity that celebrates both the academic and community values of Loyola University Chicago,” says Dean of Libraries Robert A. Seal.

The gift to Loyola is unrestricted, which allows the University to use it where it is needed most. “She would have loved the idea of the reading room named in her honor,” says Hanson. “I think she’d be extremely honored,” adds her niece, Joan Kruzel. “She was a nonstop supporter of Loyola, and to know that her gift was recognized in this way would have made her proud.”

You’ve read about them in recent issues of Generations. 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.

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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.

Librarian continued

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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.

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.

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.

Family Weekend
September 25–27, 2009
Last year’s inaugural weekend of events was a great success, with more than 1,200 people participating over three days of activities. This year’s weekend celebrating the entire Loyola community with food, tours, games, and more should prove to be even more of a blast.

Visit LUC.edu/familyweekend for more.

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.

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.

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:

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