Lenore and Keith DeLashmutt (JD ’51) shared two great passions: traveling the world and supporting their favorite charities. By the end of their lives, the couple had achieved both of these goals: setting foot in a vast array of countries and establishing an endowed scholarship fund at Loyola’s Graduate School of Business. Even though the DeLashmutts have passed away, they have ensured that their names and memories will live on.

Born in Iowa, Keith DeLashmutt was a CPA who also received a law degree from Loyola’s School of Law in 1951. During the early 1960s, he was an instructor at Loyola’s School of Business Administration and taught accountancy. “He was always extremely well liked by his students,” says Charles Caufield, a colleague of Mr. DeLashmutt’s at the SBA. “They really appreciated his knowledge and his dedication. I remember him being a strong collaborator with a good attitude and a great sense of humor.”

The DeLashmutts spent most of their lives in Evanston and were active members of the community. Among their favorite charities were educational institutions, museums, Native American arts, and Loyola University Chicago.

After her husband passed away in 1989, Mrs. DeLashmutt created a trust for which she designated one-third of the remainder to pass to Loyola’s Graduate School of Business in order to endow a scholarship. Nineteen years later, when she passed away, Loyola was also named as a beneficiary of a charitable remainder unitrust she had established. Through strategic gift planning, the DeLashmutts left Loyola a legacy close to $1.65 million, sufficient to make a difference in the lives of many students.

“The DeLashmutt scholarship will make a difference by making college education more affordable for our students. Lenore DeLashmutt’s generosity has made sure that her husband’s dedication to our students will live on.”
—Abol Jalilvand, PhD, dean of the School of Business Administration

In addition to teaching, for years Mr. DeLashmutt maintained a private practice in Evanston, Illinois. His wife, Lenore, hailed from a small town in Illinois and came to Chicago as a young woman. “They were lovely people,” says Helen Blomquist, Lenore DeLashmutt’s sister-in-law. “Though they were very private people, they loved the world, loved to travel, and were very dedicated to the arts, education, and museums.”
The scholarship will be awarded to a student who demonstrates both high academic merit and financial need.

Her gift will be used to establish a new scholarship at Loyola’s Graduate School of Business, the Keith I. DeLashmutt Endowed Scholarship. Starting next year, the scholarship will be awarded to a student earning a Master of Science in Accountancy who demonstrates both high academic merit and financial need.

“The DeLashmutt scholarship will make a difference by making college education more affordable for our students,” says Abol Jalilvand, PhD, dean of the School of Business Administration. “Lenore DeLashmutt’s generosity has made sure that her husband’s dedication to our students will live on.”

The secret benefits of the gift annuity

You’ve read about them in recent issues of Joint Ventures. 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

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.
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.

**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

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**School of Business Administration ethics program ranks no.1 in the nation**

As part of *BusinessWeek*'s 2009 ranking of the top undergraduate business schools, thousands of business majors were surveyed at more than 100 schools about how well their schools teach standard academic specialties. A number of Loyola's School of Business Administration (SBA) programs ranked very high, but none higher than the ethics program, which earned the distinction as the top-ranked ethics program in the nation, besting other universities like Texas, Pennsylvania, Virginia Tech, Cornell, Wake Forest, and Notre Dame.

Other SBA programs that ranked in the top 100 include: macroeconomics (19), operations management (20), microeconomics (46), accounting (52), sustainability (53), quantitative methods (57), and financial management (90).

A paid-up life insurance policy can benefit your family and Loyola.
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.

**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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**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. ■

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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**  
Office of Planned Giving  
820 N. Michigan Avenue  
Chicago, IL 60611

**LUC.edu/plannedgiving**  
800.424.1513  
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*Joint Ventures* 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.