UNIVERSITY ADVANCEMENT
OFFICE OF GIFT PLANNING

USC

USC Gift Planning Guide

Methods of Giving to the University of Southern California

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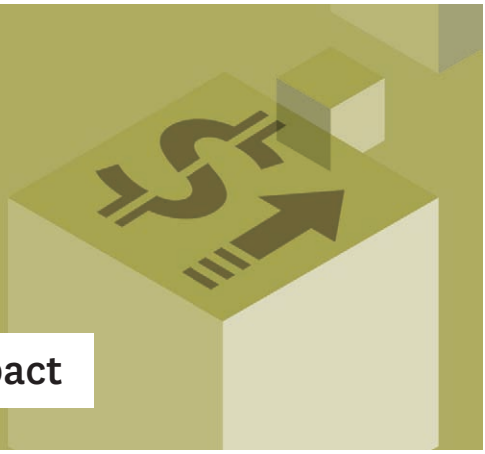
Cash



Simple with immediate impact

Benefits

- Cash is the easiest gift to make.
- Cash gifts go straight to work supporting the programs that are important to you.
- Cash gifts may be combined with other techniques described in this Gift Planning Guide to leverage the impact of your gift.

Did You Know?

- USC accepts checks and wired funds. Or you can contribute online using a credit card at https://giveto.usc.edu.
- Cash gifts provide the maximum charitable income tax deduction available under Federal tax laws. For cash gifts, you can claim a deduction up to 50 percent of your adjusted gross income, with any excess balance carried forward for up to five years.

Appreciated Securities

Minimize tax and maximize gift

Benefits

- Giving appreciated securities—stocks and bonds—can be more tax efficient than giving cash.

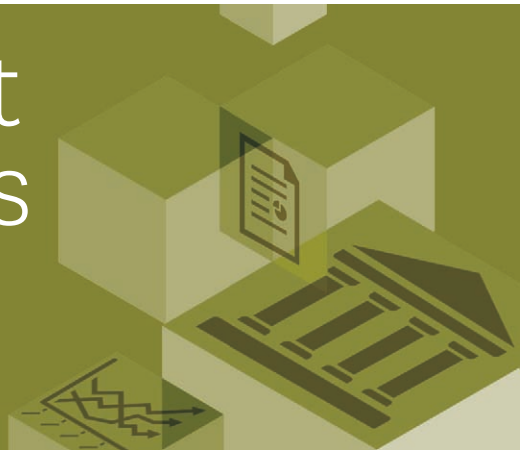
Here's why:

- If you make a gift of securities directly to USC, you will receive an income tax deduction—and gift credit with USC—for the full market value, without paying any capital gains tax.
- If you were to sell these securities before making the gift, you would have to pay tax on any capital gains.

Did You Know?

- If you own securities in a brokerage account, these shares can easily be electronically transferred to USC. For more information, contact the USC Investment Office at (213) 740-5413.
- In most cases, USC will promptly sell gifted securities that are publicly traded and apply the cash towards the purpose you designate.
- Closely held stock and other securities that are not publicly traded work best when there is a mechanism for USC to sell the gifted interest to other shareholders or the corporation itself. For these gifts, the donor must usually obtain an appraisal to claim a tax deduction.

Retirement Plan Assets



Avoid double taxation

Benefits

- Retirement accounts such as IRAs, 401(k), and 403(b) plans can be subject to double taxation—ordinary income tax and estate tax—meaning that more than 60 percent can go to taxes if left to your heirs.
- Retirement plan assets left to USC will transfer tax-free.
- In planning your estate, consider leaving USC your retirement plan assets, and leave more favorably taxed assets to your family.

Did You Know?

- Most retirement accounts allow the owner to select beneficiaries to receive the plan assets remaining at death. To designate USC as a beneficiary, contact the account administrator.
- Lifetime withdrawals, even for charitable gifts, are typically treated as taxable income. Proposed changes to Federal tax law may allow for future tax-free distributions made directly to USC or other charities. Please check with the Office of Gift Planning for up to date information.

Life Income Gifts

Make a gift and receive income for life

Charitable Remainder Trust:

Benefits

- A Charitable Remainder Trust pays individual beneficiaries an annual amount for their lives or a fixed term of up to 20 years.
- Donors who create a Charitable Remainder Trust can claim an income tax deduction that represents the present value of the eventual gift to USC.
- When the Charitable Remainder Trust ends, the remaining assets are distributed to USC.

Did You Know?

- Life income beneficiaries can be the donors, family members, or others.
- The trust principal is normally invested for total return and grows tax free. It can be invested in a variety of diversified portfolios, **including the University's endowment**.
- An **Annuity Trust** makes a fixed annual payment and a **Unitrust** makes a variable annual payment.
- **Unitrusts** are revalued annually, and if the principal in the trust appreciates, payments will be correspondingly larger. But there's risk: if the principal depreciates, payments will be smaller.

Charitable Gift Annuity:

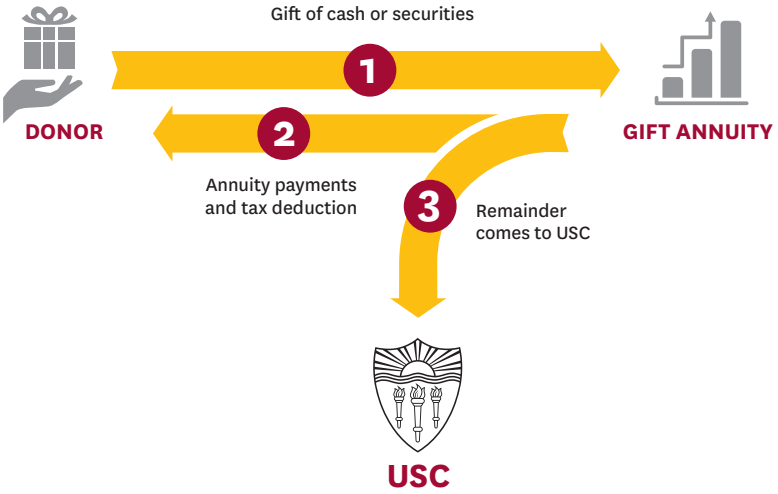
Benefits

- In exchange for your gift, USC promises to make lifetime annuity payments to one or two annuitants.
- The contractual obligation is backed by USC and its assets, making this a very secure source of future income.
- After the death of the last annuitant, the balance of the remaining gift will be used by USC for the purpose you've designated.

Did You Know?

- Donors receive an income tax deduction based on the fair market value of the assets contributed less the present value of the future annuity payments.
- Payments to annuitants are generally partly taxable as ordinary income and capital gain (depending on the gift asset), and a portion is usually treated as tax-free return of principal.

How it works:



Real Estate

We support all types of gifts

Outright Gifts:

Benefits

- Receive a charitable income tax deduction for the full fair market value of the property.
- Avoid capital gains tax on any appreciation.
- Transfer to USC the burden and expense of managing and selling your property.

Did You Know?

- USC's Office of Real Estate and Asset Management has all the resources and expertise needed to facilitate most real estate gifts.
- An appraisal is usually required to substantiate the tax deduction for most real estate gifts, and must be obtained by the donor.
- In some cases, USC may be willing to purchase a property for less than its fair market value, and the donor is able to claim a tax deduction for the difference.
- Property subject to a mortgage may not be suitable as a gift to USC due to tax and other considerations.

Retained Life Estate:

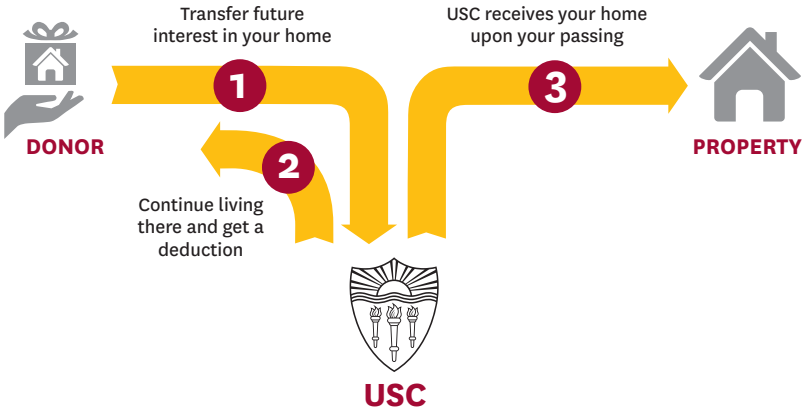
Benefits

- Transfer title to your personal residence now, while retaining the right to live in or use it for the rest of your life or another's life. Upon the death(s) of the life tenant(s), title to the property vests in USC and any subsequent sale proceeds will be applied to the purpose you designate.
- You receive an immediate income tax deduction based on the fair market value less the present value of the retained life estate.

Did You Know?

- If you move out of the donated property, you can still rent it and collect the rental income.
- While they are living, life tenants are responsible for property taxes, insurance, maintenance and upkeep, although they do not pay any rent to USC.
- Properties subject to a mortgage may not be appropriate for this type of gift.

How it works:



Charitable Lead Trust

A valuable estate planning tool

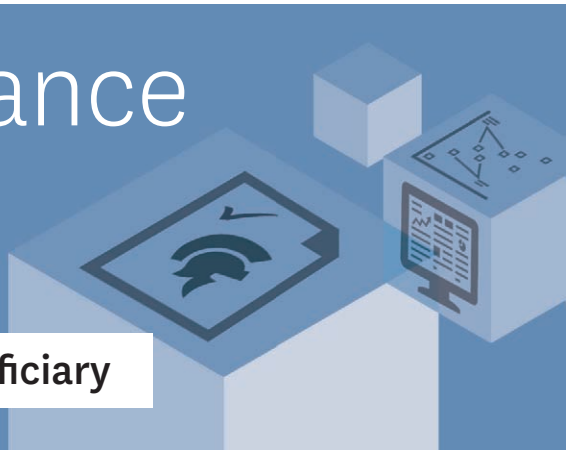
Benefits

- **A Charitable Lead Trust can greatly reduce or eliminate gift or estate tax on trust assets passing to family members.**
- A Charitable Lead Trust makes annual payments to USC for a period of time set by the donor, then distributes the remaining assets to the donor's family or other named beneficiaries.
- This structure provides a tax-advantaged method of supporting USC for a set number of years, with a potentially significant future tax-free distribution to family and other heirs.

Did You Know?

- A Charitable Lead Trust is complex in nature and must be carefully reviewed by the donor's advisors to ensure that it is compatible with their entire estate plan.

Life Insurance



Name USC as the beneficiary

Benefits

- Life insurance allows donors to leverage their resources while providing an extraordinary gift for future Trojans.
- You can donate your existing policy by making USC the owner and receive an income tax deduction for the value of the policy.

Did You Know?

- If you prefer, you can maintain ownership of your policy, but name USC as a beneficiary. This way you maintain the flexibility to change beneficiaries if your situation changes.
- Fully paid up policies are preferable to USC. Gifts of policies that are not fully paid up will normally be cashed out by the university, unless the donor is willing to make gifts to USC to cover future premium payments.
- If you have a term policy (often provided by employers as an employment benefit) consider naming USC as a beneficiary.

Bequest

A revocable gift in your will or living trust

Benefits

- A bequest is a gift to USC at your passing, generally through a provision in your will or living trust.
- It may be revoked at any time during your lifetime if your situation changes.

Did You Know?

- You can also complete a *Change of Beneficiary* form to name USC as a beneficiary of your retirement plan, bank account, brokerage account, or life insurance policy.
- A bequest might not be received by USC for many years—so there's a delay in funding the gifted purpose. As a result, restrictions placed on the use of your gift should be as minimal as possible, providing USC with maximum flexibility, as priorities and programs change over time.
- For suggested bequest language, go to www.usc.edu/giftplanning or call the Office of Gift Planning at 213-740-2682.

Trojan Legacy Circle

Honoring those who remember USC

Donors of planned gifts to USC are eligible for membership in the Trojan Legacy Circle (TLC). TLC Membership is one way the University is able to thank you during your lifetime for your planned gift.

TLC Members receive:

- Invitations to enjoyable and informative events such as
    - TLC luncheon and other special programs highlighting USC's faculty and students.
    - Select Presidential events.
    - University cultural events and performances.
- Designation as a *Presidential Ambassador*, with regular exclusive communications from the President.
- Listing on the Trojan Legacy Circle Honor Roll, located on USC's website, and periodically published in print.
- Beautifully framed certificate of membership for all members.

If you have already provided for a planned gift to USC, please contact the Office of Gift Planning to join the Trojan Legacy Circle. Here are some of the ways to become eligible for membership:

- Include a bequest for USC in your will or living trust.
- Name USC as a beneficiary of a life insurance policy or a retirement account (IRA, 401(k), 403(b), etc.)
- Establish a charitable gift annuity at USC.
- Name USC as the beneficiary of a charitable remainder trust or charitable lead trust.
- Deed your home or other residential property to USC while retaining a life estate.

USC's Office of Gift Planning is a resource center for the entire Trojan Family.

The USC Office of Gift Planning is a valuable resource to any member of the Trojan Family considering a gift to USC.

The office is staffed with a team of gift plan-ning experts who have experience across all the techniques addressed in this Gift Planning Guide.

For more information or to meet with a gift planning officer, please contact:

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USC University of Southern California

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