

LEGACY

Perspectives on Charitable Giving



SOCIETY

SPRING 2011, ISSUE 3

Dear Members of the Iona Community,

Last December, Congress enacted and President Obama signed the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. There is a lot to be said about this law and its wide-ranging impact on Americans. Some parts of the tax code have changed, and others have stayed the same. It is interesting to note the law only holds most things in place for a year or two.

In this issue of *Legacy Society*, we summarize some pertinent parts of the new law, and we suggest ways charitable giving continues to be an important consideration for Iona supporters looking to the future. We hope that these ideas are helpful. If you would like additional information, please return the enclosed card. If it is more convenient, call me toll-free at 1(877)IC-ENDOW or send me an e-mail at psutera@iona.edu. Our team welcomes the opportunity to discuss how a gift to Iona College can be an integral and rewarding part of your overall planning.

I would also like to share with you the exciting news that The Board of Legal Trustees has unanimously approved the appointment of Joseph E. Nyre, PhD as Iona College's next president. Dr. Nyre is currently the president and CEO of the Hope Institute for Children and Families in Springfield, Illinois. More information about Dr. Nyre can be found at iona.edu/news/releases/1011/0215nyre.cfm.

Sincerely,

Paul J. Sutera
Sr. Vice President
Advancement & External Affairs



YOUR GIFTS IN ACTION

The Iona College Mock Trial Team Qualifies for National Competition

Your gifts have helped Iona College students achieve success. For the third consecutive year, Iona College's Mock Trial team has qualified for the national tournament, which will be held in Des Moines, Iowa in April.

Iona was the only mid-sized college to compete in the regional qualifying tournament held at Yale University. The Iona team, competing with teams from Ivy League schools and large institutions, finished sixth place with a 6-2 record.

Iona competed with teams from Harvard, Columbia, Cornell, University of Richmond, University of North Carolina-Chapel Hill, Pennsylvania State, Wake Forest, Syracuse, St. John's, Fordham and University of Minnesota-Morris. Iona's combined record against these opponents was 20 wins–10 losses–2 ties.

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Members of the Iona College Mock Trial Team are (l-r): **Mary Ann Gallucci** (freshman), **Thomas Savidge** (freshman), **Joseph Paciullo** (freshman), **Zach Benoit** (sophomore, second year member), **Anastasia Nitis** (freshman), **Kimberleigh Costanzo** (freshman), **Amy Cassidy** (senior and fourth year member), **Kristin Badalamenti**, team captain (senior and third year member), **Giovanna Bove** (junior, first year member) and **Brittni Uhl** (senior, fourth year member).



Good News for IRA Owners and Charitable Giving

The 2010 tax law included provisions for the IRA Charitable Rollover. A donor age 70½ or more can direct a qualified charitable distribution from an IRA to charity. There are many reasons why IRA Charitable Rollovers are a wonderful way to realize charitable goals. To start, the amount distributed from an IRA is excluded from the donor's income for federal tax purposes. And, equally important, the amount distributed from an IRA counts toward the donor's required minimum distribution for that year.

There are also special rules that apply to making distributions from an IRA directly to charity. Here are some important points to keep in mind:

- A donor must be 70½ or older on the date of the distribution to participate.
- A donor directs a distribution from an IRA to a qualified charity such as Iona College.
- The amount distributed from an IRA is excluded from the donor's income for federal tax purposes.
- The donor may exclude up to \$100,000 per year with a qualified IRA charitable distribution.
- **The IRA Charitable Rollover provision is in effect for 2011 only.**

WHAT HAS CHANGED?

Tax and Your Estate

With an unexpectedly large bipartisan majority, the 2010 lame duck Congress passed the most far-reaching tax bill in a decade. We finally have a law that answers the question...what will happen to the estate tax?

- The estate tax exemption— the amount in a taxable estate that is protected from tax—is set at \$5 million (\$10 million for married couples) in 2011 and 2012.
- The top estate tax rate for taxable estates is set at 35%—down significantly from 45% in 2009.
- Both lifetime gifts and estates have the same exemption amount and the same top tax rate—linking gift and estate taxes into what is often referred to as the “unified” credit.
- A novel spousal feature has been added to the estate tax law that provides full portability of unused exemption amounts between spouses. This means exemption amounts unused by one spouse can be used by the surviving spouse's estate.
- The generation skipping transfer tax is set with a \$5 million exemption and a top rate of 35%. This additional tax (apart from the estate or gift tax) is imposed on transfers made to grandchildren or great-grandchildren.

Personal Planning Strategy: The increased exemption means the federal estate tax will affect fewer estates. Furthermore, estates subject to the tax are taxed at a lower rate. The bad news is: the only constant we can rely on right now is a changing landscape of new tax law. Fortunately, minimizing taxes is only one of the countless benefits planning holds for donors. Be sure to consult your tax advisors to learn how the current law affects your plans and ask how charitable giving can play a role.

Cut in Payroll Tax

Another taxpayer-friendly provision of the new tax law is the payroll tax cut. As you know, employers are required to withhold a certain percentage of wages from every paycheck for social security. Employers and employees are each required to contribute 6.2% of wages—12.4% total. However, in 2011, the employee's contribution is reduced by 2% so only 4.2% of the employee's wages are subject to the payroll tax.

Personal Planning Strategy: The payroll tax cut means an employee earning \$100,000 will receive an additional \$2,000 in 2011. Donors can use this “windfall” to realize philanthropic goals.

WHAT STAYED THE SAME?

Many important provisions are not affected by the new law.

- Lower income tax rates put into place during the Bush era remain intact for 2011 and 2012. Income tax rates still range from 10% to 35%.
- Lower long-term capital gain tax rates, also put in place during the Bush era,

remain the same for 2011 and 2012. The tax rate on long-term capital gain is 0% for individuals with a top marginal tax rate of 10% or 15%. For people in the higher marginal brackets—25% or more—the rate is 15%. These rates also apply to qualified dividends.

Personal Planning Strategy: Remember that a double benefit can be gained by giving property with built-in long-term capital gains: One, the charitable deduction for the value of the property; and two, avoiding the capital gains tax that would result from selling the property.

- The “marriage penalty” relief provision stays in effect for 2011 and 2012. This provision doubles the standard deduction and widens the tax bracket for joint filers.
- Another popular provision the new law extended is a taxpayer’s right to deduct either state sales tax or state income tax. This can be attractive to taxpayers who have made large purchases. It’s especially good news for anyone residing in states with no income tax.
- At one time there was a limit on how much high-income taxpayers could deduct in itemized tax deductions. When adjusted gross income reached a certain level, the taxpayer had to reduce deduction amounts. This limit was gradually phased-out over several years. In 2010, there was no limit on itemized deductions for high-income taxpayers, and the new law extends this repeal for 2011 and 2012.
- The repeal on the phase-out of personal exemptions for high-income taxpayers has also been extended for 2011 and 2012.

Many popular income tax credits (and the temporary rules that enhance the benefits of these credits) have been extended for 2011 and 2012, including the:

- Child and Dependent Care Credit
- Adoption Credit
- American Opportunity Credit (formerly known as the Hope Scholarship Credit)
- Earned Income Tax Credit.

WHAT WILL CHANGE IN THE NEAR FUTURE?

With tax laws in flux every few years, the short answer is who knows? For now we can only focus on the new law—what has changed and what remains the same. However, it’s important to remember the federal tax law that’s in effect now will probably change in the not-too-distant future. Indeed, the new law contains a sunset provision which means, at the end of 2011 or 2012 (depending on the particular section), the law reverts back to what it was before the law was enacted. For example, the income tax rates are scheduled to jump and the number of tax brackets would be reduced to five in 2013.

Congress could also pass a new law before 2013. Though it is difficult to know what will happen, it is important to keep your plans up-to-date. When you work with your advisors, remember one constant remains: The positive and reliable role charitable giving can play in meeting overall planning and wealth management goals.



YOUR GIFTS IN ACTION

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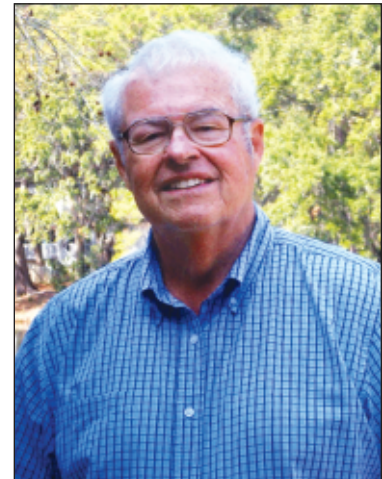
This year's competition, organized by the American Mock Trial Association, began in January with over 600 teams from more than 300 colleges grouped into 24 regional teams. Two attorneys score each trial and a third attorney makes the rulings. There are 170 lawyer volunteers throughout the Hudson Valley and New York metropolitan area who serve as judges.

Iona is the only mid-sized college in the regional tournament to compete against Ivy League schools and large institutions. The final qualifying tournament ranking was:

1. Yale University A, 8-0
2. Brown University A, 7-1
3. Yale University B, 6-1-1
4. Boston College, 6-2
5. Roger Williams University, 6-2
- 6. Iona College, 6-2**
7. Princeton University, 5-3
8. Brown University C, 5-3



**MICHAEL F. KLEIN '56:
PLAYING A PART AT IONA**



Michael F. Klein '56 has been a long-time benefactor of Iona College. When Iona launched its *Vision Into Reality* campaign, Mike made a very generous gift in support of the Hynes Athletics Center.

There are many gift options for those who want to support Iona. Mike took a careful look at his own planning goals and found a creative way to make an impact. When he made a gift of an existing annuity to the College, Mike received an immediate tax deduction in the year he assigned the annuity. "It was a better tax deal than writing a new check every year for the amount now provided by the annuity," Mike said.

Mike graduated in 1956 from the Hagan School of Business with a bachelor's degree in accounting. Upon graduation, he worked for PricewaterhouseCoopers. He spent his career at PWC and moved up the ranks to partner before retiring in 1992. Mike and his wife, Providence, raised their family in New Jersey and retired to Savannah, Georgia where they currently reside.

When Mike visited Iona for his 50 year class reunion, he was very impressed with the transformation of campus.

"I could never imagine the changes I saw at Iona," said Mike. "I am happy to have played a part."

If you would also like to play a part in continuing the education legacy of Iona College, please contact the Advancement Office. We are happy to help you explore gift options that complement your planning goals.

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CONTACT INFORMATION:

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BEQUEST LANGUAGE:

When making a bequest to Iona College, please be sure to use our legal name:

Iona College
501C3 Non-Profit Organization
Tax ID#: 13-3508093

Philanthropy and the New Tax Changes

Despite the fact that new rules create some long-term uncertainty, the current tax changes are good news for philanthropists. A wide variety of options are available to meet personal needs and philanthropic goals. As one of the supporters who makes our mission possible, we are convinced that you will find exceptional giving strategies at Iona College, with unique combinations of tax savings and personal satisfaction.

Please let us know if we can provide information or assistance as you consider ways to help us make a difference. Just call, send an email, or return the enclosed card. Be sure to request our complimentary brochure, *What You Should Know about Recent Changes in the Tax Law*. As always, thank you for your interest and consideration.