

# corridor

Fall 2018



From the  
MIT Office  
of Gift  
Planning

# Personalizing Your Planned Gift

## A Focus on Family

### Bob Johnson '63 and Lisa Reich

Santa Barbara, California



For Bob Johnson, managing partner of Founders Capital Partners, a venture capital angel group concentrating on early-stage technology-based businesses, investing in a charitable remainder unitrust (CRUT) alongside the MIT endowment helped him feel confident in his financial planning as he looked toward his family's future. Not only will the trust provide income for the Johnson family, it will further MIT's mission of building a better world.

#### The goal: financial security.

Johnson's primary concern is to make sure that his blended family is financially secure for many years to come. "I don't want my wife, Lisa, or my adult children having to worry about evaluating and selecting investment managers," he says. "I want to make sure they are being served well."

#### Why planned giving at MIT?

Investing in a CRUT at MIT has proved to be the best choice for the Johnsons. The income generated by the CRUT will go to Johnson's beneficiaries—with all fund management taken care of by MIT. The latter is particularly important to him. "MIT's endowment goals are exactly my goals," Johnson observes, "and there are smart, committed people who have been managing it for a long time. When I invest alongside the endowment, I get the same current earnings and long-term performance that MIT gets. If something happened to me, Lisa and my kids would be beneficiaries of MIT's endowment investment management for the rest of their lives."

#### Research for a better world.

Contributing to MIT's mission of creating a more positive future for all aligns with Johnson's core personal beliefs and philanthropic goals. In particular, he recognizes that funding basic science research is critical for innovative discoveries over the long term and is often overlooked in favor of short-term gains. "For the most part, financial incentives of our modern world economy do not support long-term fundamental research," he says. "My philanthropic objective is to bolster MIT so it can

perform its mission: strengthening modern civilization and improving the human condition, and the planet's."

**"In addition to everything else MIT has given to me in my lifetime, now MIT has given me peace of mind. I give to MIT so that its great work in education and life-changing research is supported far into the future."**

#### Generations of impact.

The first in his family to attend college, Johnson received scholarships and other financial support that made it possible to attend MIT and earn his SB in physics. "An MIT education is a gift at many levels," he says. "My life path is entirely different than it would have been if I had gone anywhere else." He firmly believes that the best education should be available to all scholars regardless of their financial circumstances, and knows his investment in MIT helps provide more opportunities for students to forge their own paths at the Institute. ●

COVER:  
Bob Johnson  
and Lisa Reich  
visited MIT for  
Johnson's  
55th reunion.



RIGHT: Doug and Sharon King both celebrated their 40th reunion this past June.

## Lifelong Friendships Honored

### Doug '78 and Sharon '78 King

Simi Valley, California



When Sharon and Doug talk about MIT, they recall the lifelong friendships they made and how they found each other through the MIT Ballroom Dance Club. Married for 39 years, they decided to retire early so they could spend more time with friends and family, and wondered how they might meet their financial needs. Doug was hoping to generate income for their future. Meanwhile, Sharon wanted to honor her MIT friend, Beryl Nelson '78. An MIT Charitable Remainder Unitrust (CRUT) fulfilled both goals. With a CRUT, donors contribute to a trust that establishes income for themselves or other beneficiaries and at the end of the trust's term, the remainder becomes available to MIT for a designated purpose. But the Kings' contributions are meaningful in another way: they are emblematic of the life-changing friendships the couple forged at MIT.

#### Remembering a beloved friend.

"One of the big things I gained from my time at MIT was lifelong friendships," says Sharon. "I wanted to do something that would recognize the incredible friends I had made at MIT." One of those friendships was with Beryl, Sharon's first MIT friend and roommate in McCormick Hall. "She was incredibly smart academically, but also insightful with people," Sharon recalls. After Beryl passed away from cancer in 2015, Sharon wanted to make a gift to honor her friend who touched so many people's lives. "She was

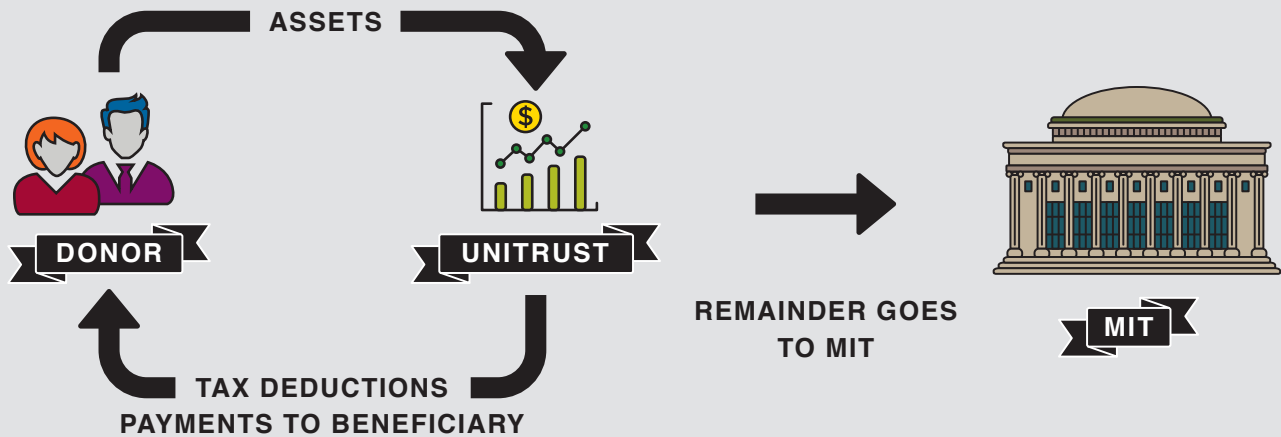
always very good about bringing people together in different ways—for example, when she lived in India, she hosted visiting MIT students," Sharon says. "Friends were important to Beryl, and MIT gave both Beryl and me great friends."

#### Why planned giving at MIT?

While there are many different ways to honor a loved one through giving at MIT, Doug and Sharon decided that establishing a CRUT in Beryl's memory was the best choice for both their philanthropic and

## Charitable Remainder Unitrust: A Sustaining Gift for MIT's Future

A charitable remainder unitrust enables you to meet financial goals and charitable aspirations, all while providing for yourself and/or your loved ones.



financial goals. “We had recently retired and were looking to restructure our investment portfolio,” Doug explains. “Both of us had small pensions, and we were looking to add a pension-like investment to provide some stable income to complement our stock portfolio. We appreciated that we could establish the fund in memory of Beryl.”

**Strengthening outcomes through communities.** Knowing that Beryl had supported MIT over the years, Doug and Sharon were glad that the residual from the CRUT could support purposes that were important to Beryl. “In the future, our gift will support the Class of 1978 Student Aid Fund and unrestricted gifts for MIT to use as it wishes,” Doug says. “Given our MIT experience, we are confident that the gift will support intentional community building on MIT’s campus, encourage a better understanding of all communities and people, and encourage people to use their unique strengths—personalities, cultures—to achieve more.”

**Furthering the MIT experience.** Looking back, Doug and Sharon both value the well-rounded experience they had at MIT, from their engineering courses to sports to ballroom dancing—which they still do. “The work that MIT does to encourage creativity and friendships is so important, especially when it comes to

cooperative learning,” Sharon says. “Life can take you in all kinds of different directions and places, but it’s wonderful to be able to return to our and our friends’ shared MIT experience.” Doug agrees: “Because of MIT, I’ve met amazing people including my wonderful wife. Because of MIT, I was able to have fun as an engineer in industry for 35 years, creating and designing mechanical equipment that didn’t exist before. Now, after retirement, I’ve been able to mentor some high school students and hopefully teach them some engineering. We can’t thank MIT enough for all it has done for us.” •

**“Life can take you in all kinds of different directions and places, but it’s wonderful to be able to return to our and our friends’ shared MIT experience.”**

For more information about charitable remainder unitrusts at MIT, please visit [giving.mit.edu/crut](https://giving.mit.edu/crut).

# A World of Difference

## Jerry L. Adams '62 Memorial Scholarship

**Karen Adams**

Decatur, Georgia



Karen Adams, who recently retired from her role as fellowships coordinator for graduate studies at Georgia Institute of Technology, understands the difference that financial support can make in a scholar's life. It was her life's work and her desire to commemorate her spouse that inspired her to establish the Jerry L. Adams '62 Memorial Scholarship.



“My hope is that the Jerry L. Adams Memorial Scholarship will enable students to create the technological and ethical advances that the world critically needs,” she says. “I’ve seen many brilliant recipients thrive at MIT and love hearing about the magnificent things happening there.”

come from my IRA after my lifetime,” she explains. “When tax laws changed, I was advised that using qualified charitable IRA distributions would be a beneficial way to contribute as it kept my adjusted gross income down and allowed me to meet minimum distribution requirements.” Adams credits her daughter, Alaina, a CPA, and MIT’s Office of Gift Planning as valuable resources in helping her make this decision.

As the years progressed, her goal for the fund evolved. “As I watched the fund grow through the donations of friends and family, I decided I wanted to see a student named as the recipient of the scholarship during my lifetime rather than after,” she says. The scholarship fund reached the required level this past year so that a student will be named as the recipient in the 2018–2019 academic year.

As Karen’s goals changed, MIT was there to offer support—which is one reason Karen encourages others to give in this way. “Charitable giving is needed more than ever, and the rules for giving change with great frequency,” she says. “I encourage others to give to the Jerry L. Adams Memorial Scholarship Fund or to set up funds of their own.”

The distribution of scholarship funds generated by her giving is not the only thing that has changed. “Giving a scholarship to MIT will help students, but this process has also enriched my life as a donor in ways that could not be anticipated,” Karen says, adding that MIT does an “excellent” job of involving donors through programs, publications, and enlightening stories. “I began the scholarship to honor a special person who loved MIT. I am now an enthusiastic supporter and ever so proud of the MIT students who are making a difference in the world.” ●

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Learn more about the importance of scholarships to MIT at [betterworld.mit.edu/scholarships](http://betterworld.mit.edu/scholarships).

**ABOVE: By supporting scholarships, MIT is able to preserve a proud tradition of need-blind admissions, ensuring that the world's brightest students can make MIT their home—and their springboard.**

The scholarship is a fitting memorial to Jerry, who was able to attend MIT by earning a National Merit Scholarship. He became an acclaimed physics professor, author, city councilman, and even produced a science television show. In 1985, he moved his family to Columbia, Maryland, and began working for Merrill Lynch. He also started an MIT alumni club in the area and was working hard to bring computers into Baltimore schools. In 1993, he suddenly passed away at the age of 52.

“Our family began to think about honoring Jerry in a way that would help others,” Karen says, “and the idea of a scholarship at MIT was born.”

“My original thought in setting up the scholarship was that I would give a set amount each year and that the bulk of funding for the scholarship would

# Q&A: New Tax Laws and You

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## A. L. Spitzer

MIT Office of the General Counsel



A. L. “Lorry” Spitzer, counsel in the MIT Office of the General Counsel, spends much of his time reviewing prospective gifts to MIT and providing support to donors. Spitzer talked with the MIT Office of Gift Planning about how the new federal tax laws might affect donors and their future planned gifts to MIT.

### With the new tax law changes, what high-level considerations should be made for philanthropic gifts to the Institute?

**LS:** As always, donors should first determine what they wish to support at MIT and then work with their advisors to review what assets they are able to give and what type of tax deduction they will be entitled to. They should definitely consider the benefit of contributing appreciated assets, which retains a tax advantage regardless of whether deductions are itemized. Because fewer taxpayers will be itemizing tax deductions than previously, donors may also want to look into grouping their donations in one year to achieve the greatest impact with their giving from a tax perspective. Whatever a donor decides to do, MIT will work with them.

### What charitable giving options are available at MIT for donors who come into a sudden tax or liquidity event?

**LS:** MIT has a broad range of giving options closely tailored to the interests and needs of the donor. Of course, the best time to plan for a liquidity event is before the event occurs. The MIT Donor-Advised Fund is a great giving option in the case of such events as it allows the donor to establish the fund without having to determine the final designation of the gift.

### Is there an asset in a donor’s portfolio that would be a particularly good way to fund a gift?

**LS:** Appreciated assets are often the best choice for a charitable contribution. To take just one example, the opportunity to use an appreciated asset to fund a charitable remainder trust is sometimes described as the “last legitimate tax shelter.” Donors receive the benefit of tax-free diversification and (if they choose) the ability to have the trust invested alongside the MIT endowment. Combined, these benefits can be a powerful financial tool, benefitting both the donor and MIT. Keep in mind that donors can also use these appreciated assets to make an outright gift if they would like to see their gift have an immediate impact, such as through scholarships, faculty support, or any of the priorities of the MIT Campaign for a Better World.

### What are the benefits of a gift through an IRA Charitable Rollover, especially in light of the new tax laws?

**LS:** With fewer taxpayers itemizing deductions under the new tax laws, the IRA charitable rollover for donors aged 70 1/2 or older becomes a much more important planning tool and a great way to make a charitable gift. Donors have the ability to avoid taxable income by having up to \$100,000 of their IRA Required Minimum Distribution (RMD) sent directly to MIT as a gift, avoiding the need to report it as income and fulfilling their desire to make a charitable contribution to MIT. An IRA charitable rollover for those donors who will still itemize can also provide tax advantages by lowering their adjusted gross income and thus their overall tax liability.

### What is the best way for a donor to leave a bequest to MIT?

**LS:** Bequests in any form are a welcome source of support at MIT. Donors should work closely with their advisors and with the MIT Office of Gift Planning to structure a bequest that is in line with the rest of their estate plans.

### Should I consider my retirement plans as part of a charitable bequest?

**LS:** Yes, we often see donors who choose to name MIT as a beneficiary of their retirement plans. This often creates a tax-efficient gift to MIT and is relatively easy to accomplish. ●



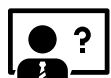
# New Charitable Gift Annuity Rates

Earlier this year, the American Council on Gift Annuities (ACGA) Board of Directors approved an increase in the current suggested maximum rates originally published in 2012. The new rates outlined in the below chart took effect on July 1, 2018.

Age of Annuitant(s)	65 years	70 years	75 years	80 years	Two Lives: 70/70 years	Two Lives: 75/75 years
Payments begin now	5.1%	5.6%	6.2%	7.3%	5.0%	5.5%
Payments deferred 4 years*	6.3%	7.1%	8.2%	9.4%	6.3%	6.9%

\*Deferment may be any length, starting one year from the date of gift. Gift annuity rates are current ACGA rates found on [acga-web.org](http://acga-web.org).

## Ask an Expert



### Do you have a question about planned giving?

Submit your question at [giving.mit.edu/askogp](http://giving.mit.edu/askogp), and it could be answered in a future issue of *Corridor* in print or online.



## Sample Bequest Language

Below is suggested language to share with your advisor if you would like to include MIT in your will or estate plan.

**I give [all of the residue of my estate OR an amount equal to X percent of the residue of my estate / thereof OR \$ \_\_\_\_\_] to the Massachusetts Institute of Technology (MIT), a Massachusetts nonprofit corporation, for its general educational and charitable purposes.**

We can provide sample language if you prefer your bequest to be designated for a specific purpose. Contact us to learn more about bequests and how they could count towards the MIT Campaign for a Better World.

This information is provided for illustrative purposes only and should not be considered legal or financial advice. We encourage you to discuss these options with your advisor.

## Plan Now for Year End

For tips, see our end-of-year giving timeline at [giving.mit.edu/startnow](http://giving.mit.edu/startnow)

Need more information? Contact Us!

### OFFICE OF GIFT PLANNING



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Planned giving donors are eligible to become members of the Katharine Dexter McCormick Society. Learn how at [giving.mit.edu/joinkdms](http://giving.mit.edu/joinkdms).



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