Charitable Giving
& Tax Tips

Johns Hopkins
PLANNING MATTERS
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Fall 2012

Claire and Allan Jensen: Making an Impact from Music to Medicine

Allan and Claire Jensen recently agreed to serve as the Johns Hopkins Legacy Society Ambassadors for the Sheridan Libraries. See page 5 for more information about this new way to celebrate the importance of legacy giving.

Last May, when Claire and Allan Jensen, A&S '65, Med '68, invited ten Johns Hopkins students into their home and then out to dinner, there was something unique about the group they chose — it consisted of six students from the School of Medicine and four students from the Peabody Institute.

So how did the musicians and the future doctors get along?

"They didn't know much about each other at all, but it just worked out beautifully," Claire said. The groups shared stories about their training and their lives, and the medical students made plans to attend a Peabody performance.

Not only was the dinner a meeting of some great and very different minds, it was also a wonderful illustration of the many and varied ways that the Jensens are involved with the Johns Hopkins University.

Allan is a graduate of the Johns Hopkins School of Medicine and a former chief resident at the Wilmer Eye Institute. He has served a number of important medical organizations, including a term as president of the American Academy of Ophthalmology. Today, at age 68, he runs his own practice along with Claire, who works in the office. With a location near the Homewood campus, they enjoy seeing a number of Hopkins students come through their doors — even if the students are just there to replace a lost contact lens.

Allan and Claire have been active members of the Hopkins community, serving on councils and advisory boards and giving generously to a number of areas throughout the institution. Recently, they agreed to serve as the Johns Hopkins Legacy Society Ambas-

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Retirement and Charitable Planning Tool — Gifts That Provide Income in the Future

Lawrence C. Norford, Esq.
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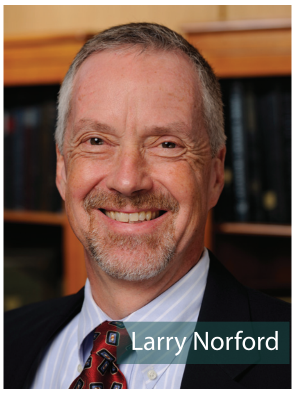

In this issue of *Planning Matters* we highlight gifts that pay income to a donor or another person, usually for life. **Charitable gift annuities** (often called CGAs) are the most popular vehicle for a life-income gift, for good reason. They:

- are easy to understand and easy to establish
- allow the donor to specify how Johns Hopkins will use the gift in the future
- are available for as little as $10,000 in cash or securities
- are secure, because Johns Hopkins guarantees payments regardless of investment performance or economic conditions
- provide a current income tax charitable deduction, and a portion of the annuity payment is tax-free income to the annuitants

But what if you don't need to receive income yet, and may not know when you would like to start receiving it? One answer is the ***deferred CGA,*** including its cousin the ***flexible CGA.***

A regular CGA immediately starts making payments at the stated percentage to you or someone you designate. A ***deferred CGA,*** on the other hand, allows you to make a gift, and receive a charitable income tax deduction, now, while postponing the beginning of the payments to you for a year or more. The longer the deferral period, the higher the payments will be.

For example, a single 70-year-old donor setting up a regular CGA today for his or her life would be eligible to lock in payments of up to 5.1 percent annually of the amount of the gift ($5,100 annually for a $100,000 CGA). But if that same donor elected at the outset to defer the beginning date of the payments for five years, the payments would be as high as 6.8 percent, or $6,800 annually for a $100,000 deferred CGA.

The ***flexible CGA*** offers another option: You can make the gift now and decide in the future when you want the payments to start. You will know at the outset exactly what the payment would be at each starting point, and the longer you defer the beginning of the payments, the higher the payments. This can be an ideal gift vehicle for someone who does not currently know when he or she will retire and need additional income, or how much income will be provided by a retirement account, Social Security or other sources.

CGAs that provide income for two lives have lower rates. With any CGA, a donor can elect to receive a payout *lower than* the maximum we offer. Doing so increases your charitable deduction as well as the amount that will be available to Johns Hopkins when the annuity ends.

We would be pleased to discuss charitable gift annuities with you and to provide you with gift illustrations based on your unique circumstances and goals.

The chart depicts sample one-life rates (as of October 2012) if income is deferred for five or ten years.

Current Age	Rate with 5 Year Deferral	Rate with 10 Year Deferral
55	5.1%	6.4%
60	5.5%	7.0%
65	5.9%	7.9%
70	6.8%	9.3%

Note: Your rate may vary depending on your date of birth and date of gift. Please contact us for a personalized illustration.

Johns Hopkins charitable gift annuities are not available in all states. Seek advice from a tax professional before entering into a gift annuity agreement.

Did you know?
If you have a charitable gift annuity or charitable remainder trust but no longer wish to receive income payments, you can relinquish your right to receive payments, have the area at Johns Hopkins you selected use the funds now and receive a charitable deduction. Contact the Office of Gift Planning for more details.

Jensens, continued from page 1

sadors on behalf of the Sheridan Libraries, a volunteer role to promote the importance of legacy giving.

The Jensens' philanthropy at Johns Hopkins includes current gifts, life-income gifts and bequest commitments in their estate plans. In addition to supporting Wilmer and the School of Medicine, they have directed their philanthropy to the Sheridan Libraries and the Peabody Institute, reflecting their love of books and music. The couple is particularly passionate about opera and has provided funding for Peabody to host one of its two yearly opera performances at the Patricia and Arthur Modell Performing Arts Center at the Lyric. "Peabody is the jewel of the city," Claire said. "All those wonderful voices, all that wonderful music. We just want that to continue."

The Jensens established a scholarship for undergraduate vocal students at Peabody, as well as a scholarship at the School of Medicine. They are funding both of these with outright gifts and through a charitable remainder unitrust (CRUT) — a trust that pays them a percentage of the value of its principal, which is re-valued annually. The remainder at the end of their lives will be added to their scholarship funds. Over time, the Jensens have made additions to the charitable trust to increase its the value.

One of Allan Jensen's primary reasons for making a bequest commitment to Johns Hopkins is simple: longevity. Many institutions and organizations close or crumble, but he knows the university is not one of them.

Allan says the clear benefit of the CRUT is that it provides them with a steady income, but he also enjoys the ongoing communication that comes with it. They receive a check each quarter and yearly financial summaries and reports on how the trust is performing.

The Jensens chose the university to serve as trustee for their CRUT that benefits Peabody and Medicine (alternatively, they as donors could be the trustee, as could a bank, trust company or other individual such as their attorney). At the Jensens' request, the university will assume trusteeship of a second charitable trust, which will ultimately benefit Peabody and another charity. Regarding his decision to make the university the trustee, Allan explained that he and Claire enjoy quarterly income at a competitive rate, and he values the expertise of the university's management, investment and administration of the CRUT.

In addition to their charitable trusts, the Jensens have created bequests through their estate planning. For Allan, one of the primary reasons for making a bequest commitment to Hopkins is simple: longevity. Many institutions and organizations close or crumble, but he knows the university is not one of them.

"Hopkins is going to be here 200 years from now," he said. "A gift to Hopkins will have long-term, meaningful usefulness."

Claire also sees the university as a place where long-term impact is possible.

"For us, being able to help Peabody is being able to help the students — that's the bottom line. The same for the Sheridan Libraries. The same for the School of Medicine. You help somebody come to Hopkins and get the best education and then they are able to go out and help other people."

Through their many forms of philanthropic giving and planning, the Jensens have made an immediate impact on Johns Hopkins and will provide support to foster generations of doctors, musicians and young scholars to come.

Claire and Allan Jensen with Peter J. McDonnell, M.D., director of the Wilmer Eye Institute. Wilmer recently hosted a tribute to the Jensens in appreciation of their philanthropy.

Betty Buckell: Giving to Celebrate Friends and Family

Betty Buckell and Jane MacMillan were just 20 and 18 years old when they first started working together at a Baltimore bank. The two young women became fast friends, and though they were often separated by many miles — Betty lived for years in the Caribbean — their bond has lasted for more than five decades. Betty now resides in Clearfield, Pennsylvania, Jane in Timonium, Maryland, but they are as close as ever. Recently, they joined together to buy a stake in a thoroughbred racehorse, a 2-year-old filly named Miss Moonshine.

Betty Buckell

Back in 2007, Betty and Jane came up with a special tradition for birthdays and holidays, one that was perfect for two women who had shared so many years of friendship. Instead of buying each other presents, they make gifts to charity.

Betty's gifts to Jane benefit the Johns Hopkins Sidney Kimmel Comprehensive Cancer Center. She gives in honor of Jane's late husband at Christmas and on the anniversary of his death, and for Jane's birthday in November, she gives in memory of Jane's mother.

As for Jane's gifts to Betty, they are made in memory of Betty's parents and also benefit the Kimmel Cancer Center, as well as another charity.

For Betty, giving to the Cancer Center is simple — she grew up in Baltimore County and remembers Johns Hopkins as ever-present in her life. "I think everybody that is from Baltimore feels a close connection to the hospital and the university," she said. "I never went to a doctor that didn't have some affiliation with Hopkins!"

Betty remembers her father's deep appreciation for the care he received at Johns Hopkins, especially from his urologist. She even recalls speaking to her father about his interest in providing philanthropic support to Johns Hopkins. Now, years later, Betty sees her philanthropy to Johns Hopkins as a continuation of his wishes, and she honored her father in her larger commitments made last year in the form of charitable gift annuities to benefit the Cancer Center.

With a Johns Hopkins charitable gift annuity (CGA), the donor makes a gift of cash or securities in exchange for fixed income to one or two beneficiaries for life. The remaining principal is used by Johns Hopkins for the purpose chosen by the donor. The donor is eligible for an immediate tax deduction for a portion of the gift, and a portion of the income is tax-free. In addition, CGA payout rates often compare favorably to the income generated by stocks or CDs. When Betty took the details of her CGA to her financial advisor, they were both pleased with the payout rate offered, and he noted the dual benefit to both Betty and the university.

In fact, she was so pleased with the gift annuity, she suggested it to her longtime companion, Bob Schucker. He was equally impressed, and as a result, Bob funded a CGA. Bob recently passed away, but the CGA continues to pay income to Betty and the remaining principal will provide general support to the university.

Betty feels that a gift to Johns Hopkins is one that has both meaning and purpose. "I do it in honor of my mother and father," she said, "and I do it for Baltimore and for this great institution."

A New Legacy Born

The new Johns Hopkins Legacy Society launched this fall celebrates the legacy of Mr. Hopkins and that of individuals who follow in his footsteps. The Legacy Society honors those individuals who make a life-income gift or a gift through their estate.

Inaugural members received a special acknowledgment from President Daniels this fall, and are charting the course for others to follow. They are passionate in their pursuits and arrive at their estate planning decisions through diverse experiences and interests. Meet some of our Legacy Society members and hear their stories at giving.jhu.edu/giftplanning.

Membership in the Legacy Society is open to individuals who establish a bequest commitment or make a life-income gift (charitable gift annuity or charitable remainder trust) to support any area of Johns Hopkins University and Johns Hopkins Medicine. Because a legacy gift represents a lifetime commitment, the Johns Hopkins Legacy Society includes donors of any age and gift amount. Legacy Society co-chairs are Paula E. Boggs, A&S '81, Johns Hopkins University trustee; Janie E. "Liza" Bailey, Johns Hopkins University and Medicine trustee; and David H. Bernstein, A&S '57, emeritus trustee, Johns Hopkins University and Johns Hopkins Medicine.

If you would like to learn how to become a member, please return the newsletter reply card, call 1-800-548-1268 (toll free) or email legacy@jhu.edu.

Their Legacy Told

Johns Hopkins University and Johns Hopkins Medicine are grateful to the generous alumni and friends who have remembered us in their estate plans. These legacy gifts have a significant impact supporting our students, faculty, patients and research. The following is a sampling of recent estate gifts:

Winston T. Brundige, A&S '42, added $100,000 from a retirement account designation to his family's scholarship fund at the Krieger School.

Hallie Dampier Crowell, in recognition of care received, left 20 percent of her estate for patient care and research in cardiology and the Wilmer Eye Institute, resulting in approximately $200,000 to each division.

Lay M. Fox, Med '47, designated the School of Medicine and the School of Nursing as beneficiaries of a retirement account, gifting approximately $190,000 to each school.

Octavia C. Locke, A&S '70, left approximately $400,000 from a trust to create the Norman Malcolm Locke and Octavia Capuzzi Locke Endowment Fund for scholarships in the Writing Seminars.

Emily Alma Lynch left a portion of her trust, in memory of her family, to the Children's Center to support those who cannot afford treatment.

Miles M. Prescott, SAIS '51, made a bequest of $5,000 to benefit the school.

Joan Marie Pristas, a friend of Johns Hopkins Medicine and the Peabody Institute, left approximately $9,000 to the Peabody Institute.

Col. Samuel A. Rittenhouse, Engr '37, '40 (MSE), left approximately $20,000 to the Whiting School of Engineering.

Mary Rosinski, friend of Johns Hopkins Medicine, bequeathed the remainder of her estate, approximately $300,000, for research of breast cancer and prostate cancer.

PLANNING MATTERS

Planning Matters is produced two times per year by the Johns Hopkins Office of Gift Planning.

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Is It Really Possible to Make a Charitable Gift and Receive Income Payments?

Yes, it is possible to give an asset to Johns Hopkins, receive the benefit of an income tax deduction and, on top of it all, receive an income stream for the rest of your life or a term of years. Does this scenario seem too good to be true? It is possible using estate and charitable planning tools called life-income gifts. For those who are charitably minded, these powerful tools can provide both a stream of income and funding to be used by Johns Hopkins.

Is Making a Life-Income Gift Right for Me?

- Are you in a position, both practically and financially, to irrevocably transfer cash, securities or real property to Johns Hopkins in exchange for a life-income gift arrangement?
- Would you like to receive a regular income for life (or a term of years) or provide such income for someone else, such as a family member?
- Are you interested in tax benefits resulting from an income tax deduction as well as potential savings on capital gains tax that you might otherwise incur?
- Do you like the idea of making a gift that will provide benefits to you or your loved ones and will benefit Johns Hopkins in the future?

If your answer to any of these questions is yes, a life-income gift may be a good option for you.

Which Life-Income Gift Is Right for Me?

Our donors featured in this newsletter support Johns Hopkins with different types of gifts, including life-income gifts — charitable remainder unitrusts (Allan and Claire Jensen, page 1) and charitable gift annuities (Betty Buckell, page 4). While each life-income gift offers similar benefits, there are also distinguishing factors. A member of the Office of Gift Planning would be happy to discuss your unique financial, estate and philanthropic planning situation and to determine which life-income gift might be best for you.

Below is a chart that summarizes the primary characteristics of each type of life-income gift offered by Johns Hopkins.

Type of gift	Minimum gift	Generally accepted assets	Who receives income?	Income to beneficiary	Tax matters	How does your gift help Johns Hopkins?
Charitable Gift Annuity	$10,000	Cash or securities	Donor and/or other named beneficiary(ies) (maximum of 2)	• Fixed annuity amount for life paid by Johns Hopkins University • Annuity amount based on age and number of beneficiaries (maximum of 2)	• Tax deduction for the present value of the charitable gift • Reduced and deferred capital gains tax for gifts of appreciated securities • May help to minimize gift and/or estate taxes • Substantial portion of annuity payment may be tax-free income depending on gift asset	**Johns Hopkins receives remaining assets at death of beneficiary(ies) or end of term of years, to be used as donor designates to any area of Johns Hopkins**
Deferred Charitable Gift Annuity/ Flexible Deferred Charitable Gift Annuity				• Fixed annuity amount for life paid by Johns Hopkins University • Annuity amount based on age and number of beneficiaries (maximum of 2) and length of deferral period		
Charitable Remainder Unitrust	$100,000	Cash, securities, real estate or other illiquid assets	Donor and/or other named beneficiary(ies)	• Variable annual payout based on January 1 value of trust assets and payout rate (min. rate 5%) for life or term of years (maximum is 20) • Payments can start in the year the gift is made or be deferred	• Tax deduction for the present value of the charitable gift • No capital gains tax on transfer or sale of gift assets • May help to minimize gift and/or estate taxes • All or a significant portion of payout will likely be taxable as income to beneficiary(ies)	
Charitable Remainder Annuity Trust		Cash or securities		• Fixed annuity amount for life or term of years (maximum is 20), based on initial value of gift and payout rate (minimum annuity is 5% of gift value)		

There's Still Time

Act before December 31 to take advantage of tax-wise giving that advances the mission of Johns Hopkins.

We invite you to consider:

Johns Hopkins Donor Advised Fund

a new option offered for our donors

The Donor Advised Fund is a flexible, practical and convenient way to manage your charitable giving to Johns Hopkins and other qualified nonprofit organizations.

Making a gift before December 31 gives you tax benefits in calendar year 2012 and time to decide on the purpose of your gift thereafter. Benefits include:

- Immediate income tax charitable deduction
- One simple mechanism for recommending grants to Johns Hopkins and other charities
- Johns Hopkins experts handle all fund maintenance and distribution, investment management and administration
- No annual tax reporting required (unlike private foundation)
- All aspects of the account can be anonymous if desired; no public records

Gifts of Cash and Appreciated Securities

These gifts provide immediate impact at Johns Hopkins for the school or division you wish to support. Tax benefits include:

- Income tax charitable deduction
- Appreciated securities — enjoy double benefits: a tax deduction for the fair market value of the stock and avoidance of capital gains tax
- Asset removed from your estate for estate tax purposes

Life-Income Gifts

As discussed throughout this newsletter, these gifts provide immediate or deferred income to you or others, numerous tax benefits, and future support to Johns Hopkins.

Charitable IRA — Will It Come Back?

As of this writing, Congress has not decided whether to renew for 2012 the popular charitable IRA rollover.

Many Johns Hopkins donors previously took advantage of this opportunity that allowed individuals age 70½ or older to exclude from taxable income and count toward their required minimum distribution qualifying gifts transferred directly from their IRAs to a charity such as Johns Hopkins.

If you are considering a charitable gift from your IRA during 2012, please discuss which option may be right for you with your accountant/financial advisor. You may want to: (1) wait and see by delaying your IRA distribution until Congress decides whether to re-enact the legislation or (2) proceed with taking the distribution, claiming it as income, donating some or all of it to Johns Hopkins and receiving the applicable charitable deduction.

A Trusted Partner

The investment of Johns Hopkins life-income gifts is overseen by the university's Office of Investment Management and the Board of Trustees' Committee on Investments. We currently have over 100 charitable remainder trusts and 830 charitable gift annuities (including deferred), with all life-income assets totaling nearly $130 million.

Johns Hopkins partners with Kaspick & Company, a member of the TIAA-CREF group of companies, for asset management, timely and accurate administration, and informative reporting. Kaspick & Company's clients include many of the preeminent educational, medical, religious and service organizations in the nation.

To request a free copy of Kaspick & Company's article "Planned Gifts That Provide Future Income," which explains options to incorporate charitable giving with your retirement planning and future needs for income, contact the Office of Gift Planning at 1-800-548-1268 (toll free), email giftplanning@jhu.edu or return the reply card.

JOHNS HOPKINS

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Honoring Legacy Gifts Across Johns Hopkins

Left to right, top to bottom: 1 *SAIS Legacy Society Luncheon:* Betty Dukert; Joseph Dukert, SAIS Bol '56 (Dipl), SAIS '93, '05 (PhD); Dick Murphy, SAIS '58, and Ludmilla Murphy, SAIS Bol '60, SAIS '61. 2 *Sheridan Libraries Legacy Luncheon:* Lawrence and Helene Siegel, Michael and Shirley Siegel. 3 *Henry Phipps Legacy Circle event:* Member Dr. Allan Z. Schwartzberg congratulated by Dr. Raymond DePaulo, Phipps Professor and chairman, Department of Psychiatry & Behavioral Sciences. 4 *Whiting School of Engineering Legacy Luncheon:* Pat and Harry Reynolds, Engr '62, with Nicholas P. Jones, Benjamin T. Rome Dean, Whiting School of Engineering. 5 *Peabody Institute Legacy Society:* Anne T. Darlington Andrews. 6 Group photo of our 2012 Whiting Legacy Luncheon attendees.