

10 Taxwise ways to invest in UD

1. CASH. Cash is deductible up to 50 percent of your adjusted gross income, if you itemize deductions.

2. REAL ESTATE OR SECURITIES. If you contribute real estate or securities held long term, your income tax charitable deduction will be based on the asset's full market value, and you avoid capital gains tax on the property's increase in value. When giving securities, your broker can transfer the securities to UD or you can send unsigned stock certificates and a signed stock power (with your Medallion guaranteed signature). If you endorse the certificates on the back, no stock power is required, but again your signature must be Medallion guaranteed by a broker or appropriate bank officer.

3. LIFE-INCOME GIFTS. Income can be paid to yourself, your spouse, an elderly parent, or another designated person. If you itemize deductions, you may get a charitable income tax deduction, while avoiding or substantially reducing capital gains tax on the sale and reinvestment of appreciated assets funding the gift.

Such life-income gifts include:

- **Pooled Income Fund Gift**
You may transfer securities and/or cash to UD to be added to UD's Pooled Income Fund, where it is invested. You then receive your pro rata portion of the fund's earnings for life.
- **Charitable Remainder Trusts**
You may transfer cash, securities and/or debt-free real estate to an irrevocable trust that pays you income usually for life. You can choose fixed payments based on the asset value when the trust is created, or a variable income stream based on the value of the trust each year.

- **Charitable Gift Annuities**
You may transfer cash and/or securities to UD and receive a fixed annuity for life. The transaction is partly a charitable gift and partly the purchase of an annuity. Charitable gift annuities can be either immediate or deferred.

4. HOME OR FARM GIFT. You may wish to deed a personal residence or farm to UD now but retain the legal right for you and a survivor to live there for life. A substantial income tax deduction is generally available immediately and the potential estate tax savings of a charitable bequest also are retained.

5. BARGAIN SALES. When you sell assets such as long-term appreciated securities or real estate to UD at a price below fair market value, you make a charitable gift of the difference between the value and the selling price. A pro rata portion of any capital gains tax is avoided on the transaction.

6. BEQUESTS. The unlimited tax charitable deduction encourages such gifts by reducing federal estate and state inheritance tax.

- Charitable bequests can include: specified amount of cash, specific piece of property, residual estate after expenses, debts, taxes, specific bequests, percentage

of the residuary estate, and contingent bequest (when named beneficiaries are deceased).

7. REVOCABLE LIVING TRUST. This trust can include a gift to UD of a specific amount of cash, a specific property, a percentage of trust assets or all or part of the assets after providing for other named beneficiaries.

8. TANGIBLE PERSONAL PROPERTY. When donating such items as works of art, antiques or books, your deduction is based on fair market value, providing UD's use of the property is directly related to its educational function. If the use is unrelated, the deduction is based on the lesser of cost basis or fair market value.

9. LIFE INSURANCE. You can designate UD as the beneficiary of either a new or paid-up policy. No income tax deduction is generated unless UD is made owner of the policy. You also can name UD as a contingent beneficiary, should your primary beneficiary not survive you. You may also receive additional income tax deductions for future contributions made to the University for the payment of additional premiums.

10. CHARITABLE LEAD TRUSTS. Assets can be transferred to an irrevocable trust, which then makes payments to UD for a stated term. Trust assets can be returned to you at the end of the trust or pass to other individuals you designate, such as younger family members. This reduces or even eliminates the gift or estate tax imposed when passing property to other family members.

Before proceeding with any planned gift arrangement, your tax advisor must assess tax and any other consequences in light of your individual circumstances.

HOW TO TRANSFER STOCK TO THE UNIVERSITY

Many people find it attractive to support the UD through a gift of stock. If you transfer stock that has been held long term and has appreciated in value, it can be sold by UD and you will avoid tax on the gain. If your stock has been held long term but has decreased in value, it may be more advantageous to sell the stock and give cash to UD.

PROCEDURES FOR STOCK GIFTS

Stock gifts can be made in several different ways. Due to the Securities Exchange Commission (S.E.C.) regulation requirement for signature(s) to be Medallion guaranteed by an authorized officer of a participating brokerage firm or a bank registered by S.E.C., it is suggested that potential donors deliver stocks they may want to donate or sell on short notice to a broker. The stock then can be readily moved in street name.

The following paragraphs describe methods, in order of preference, for transferring stock to UD. In all cases, a letter (or copy of your instructions to the broker) should be sent to Mrs. Suzanne Deshong in the Treasurer's Office at the address below. Your letter will help with identification and should indicate whether

proceeds from your gift should be unrestricted, or earmarked for a specific purpose.

1. If stock is held in a street account, you may instruct your broker in writing to place the shares into an account in the name of the University of Delaware. The broker should be instructed to contact the administrative coordinator named below for instructions on disposal of the shares.

2. Stock may be transferred directly to the University's brokerage account via Depository Trust Company (DTC). The Wilmington Trust DTC account number is 2215. Instructions should be given to place the stock in the UD's Gift Account, Number 6727-3, at Wilmington Trust Company.

3. If the stock certificate is held in the name of the donor, the back of certificate can be endorsed and dated, but it should not be assigned to the UD. The signature must be Medallion guaranteed.

If the stock certificate is in the name of the donor and not endorsed on the back of the certificate, the donor must execute a Stock Power and have his or her signature Medallion guaranteed on the stock power.

When using the stock power, fill in only the signature(s) and the date at the bottom. Please deliver or mail the certificate(s) and stock power by certified mail to:

Suzanne Deshong
Administrative Coordinator
Office of the Treasurer
112 HULLIHEN HALL
UNIVERSITY OF DELAWARE
NEWARK, DE 19716

If mailed, the certificates and the stock power should be sent separately for security. The date of the gift will be the day the certificate is delivered to the University or, if mailed by U.S. mail, the postmark date.

4. While not the preferred method, stock may be sent via mail if it is made out in the name of UD. No stock power is required.
5. If giving mutual fund shares, you should work with your broker and UD to have the shares reregistered in UD's name through the mutual fund.

For assistance in making a gift of stock, please contact the Office of University Development at (302) 831-2104 or the Office of the University Treasurer at (302) 831-8964.