Legislative Update

The American Taxpayer Relief Act (ATRA) was signed into law at the end of 2012 (some have jokingly referred to the enactment date as “December 32nd”). Key provisions include:

• Higher marginal income tax rates and capital gains tax rates (increasing the attractiveness of charitable gifts, especially of appreciated property)
• Re-enactment of the limitation on itemized deductions (this will not in practice reduce the charitable deduction for most taxpayers)
• New 3.8% surtax on investment income
• Charitable IRA Rollover and other “extenders”
• Gift and estate tax changes

We hope the following summary charts are helpful, but please contact your professional advisor for details on your particular situation:

AGI Thresholds for Various Tax Provisions

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Rates*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Income and Short-term Capital Gain</td>
<td>10% / 15% / 20% / 25% / 33% / 35% / 39.6%</td>
</tr>
<tr>
<td>Long-term Capital Gains</td>
<td>25%</td>
</tr>
<tr>
<td>Qualified Dividends</td>
<td>20%</td>
</tr>
</tbody>
</table>

*The new 39.6% and 20% rates apply to taxable incomes in excess of $400,000 for single filers and $450,000 for joint filers.

Effective January 1, 2013

<table>
<thead>
<tr>
<th>Income Category</th>
<th>Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pease Limitation</td>
<td>$250,000 / $300,000</td>
</tr>
<tr>
<td>20% Rate on Long-term Gains and Qualified Dividends</td>
<td>$400,000 / $450,000</td>
</tr>
</tbody>
</table>

Transfer Tax Exemptions and Exclusions Effective January 1, 2013

Annual Gift Tax Exclusion

<table>
<thead>
<tr>
<th>Exemption/Exclusion</th>
<th>Top Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Gift Tax Exclusion for Non-U.S. Citizen Spouse</td>
<td>40%</td>
</tr>
<tr>
<td>Lifetime Gift Tax Exemption</td>
<td>40%</td>
</tr>
<tr>
<td>Grandparent Gift Tax Exclusion</td>
<td>40%</td>
</tr>
</tbody>
</table>

Penn Campaign: $4.3 Billion, Transforming the University

After seven years of widespread support and alumni participation, the University of Pennsylvania culminated its Making History campaign, raising $4.3 billion, strengthening Penn’s position among the world’s foremost universities, and making major breakthroughs in addressing society’s most complex challenges, Penn President Amy Gutmann announced recently.

Designed to integrate fields of study with high social impact, add new state-of-the-art facilities, attract and retain exceptional faculty, and increase student aid and alumni engagement, the Campaign far exceeded expectations on each of these fronts and more. High impact areas span student financial aid, innovative interdisciplinary teaching and research, local and global engagement, and health care.

Launched in 2007, the Campaign hit its financial target of $3.5 billion 16 months ahead of the December 31, 2012 conclusion. It was an unusually broad-based campaign, attracting gifts from 326,972 donors. Strengthening the University’s eminent faculty and interdisciplinary programs and ensuring Penn’s long-term financial stability were key objectives of the Campaign.

The impact of the Making History campaign on increasing educational access, integrating knowledge across disciplines, and putting that knowledge to good work in the world has been nothing short of transformational. The overwhelming response we received is a testament to the strength and confidence of our community. People participated because Penn’s work resonates with them and what they are passionate about,” Dr. Gutmann stated. “We wish to thank everyone who made this achievement possible.”

To learn more, visit: upenn.edu/makinghistory.
PARTNERS IN PENN FUTURE!

Throughout Making History: The Campaign for Penn, the University of Pennsylvania followed in the great tradition of its founder by imagining something big and bold and important for higher education.

The University of Pennsylvania and the Office of Gift Planning are pleased to announce that the Campaign goal of increasing Harrison Society membership by 1,000 new members has been surpassed. At Penn we make history by shaping the future, one member at a time!

The University extends its deepest gratitude and appreciation to all Harrison Society members.

Jim Higgins, C’76, GAR’78, WG’87

“I feel very strongly about the importance of scholarships. As a scholarship recipient, I know the value first hand. Through supporting the scholarship program, I’m able to stay connected with Penn and I have the gratification of knowing that in some small way, I’m helping a student obtain a Penn education.”

In addition to his scholarship support, Jim also funds a fellowship to benefit a student at PennDesign. Working with the Office of Gift Planning Jim has designated funds to be added to an existing scholarship by naming the University of Pennsylvania’s School of Design as the beneficiary of his retirement plan. Also, a gift through a bequest has enabled Jim to establish yet another scholarship. Jim noted that it’s just about finding the many ways to continue his support.

For more information on the programs at Penn that can be supported with a gift using your retirement plan or to learn more about the many gift planning vehicles available, contact Penn’s Office of Gift Planning at 800.223.8236 or giftplanning@dev.upenn.edu.

“I am captivated more by dreams of the future than history of the past.”
— Benjamin Franklin

The used key is always bright.
— Benjamin Franklin

800-223-8236 | 215-898-6171
giftplanning@dev.upenn.edu
www.makinghistory.upenn.edu/giftplanning

SAVE THE DATE

19th Annual Harrison Society Luncheon
Thursday, June 6th
12:00 PM to 2:00 PM
College Hall — Room 200

FROM THE UNIVERSITY OF PENNSYLVANIA HARRISON SOCIETY
SPRING 2013