**LETTER FROM THE EXECUTIVE DIRECTOR**

It’s been a busy time on campus, as the academic year moved toward its conclusion, and the entire University community celebrated Alumni Weekend along with Penn’s 258th Commencement. It was wonderful to see many of you, both at the center of campus and at the terrific new space known as Penn Park. Earlier in the spring, we had the pleasure of getting together with Harrison Society members and their guests at the annual Harrison Society luncheon — co-hosted by Penn Athletics in the new Rockwell Gym at the Tse Cheng Sports Center. It provided an opportunity to see another aspect of the changing face of the campus — and to hear from Dr. Gutmann about upcoming initiatives and priorities. A visit from the Penn Quaker was an added treat! Mark your calendars for April 7, 2015, when Penn Medicine will co-host the luncheon — during the coming months. We are always available to assist you in your charitable planning. Thank you for all that you have done for Penn.

Marcie L.H. Merz, JD
Executive Director & Associate General Counsel

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**MAXIMIZING THE BENEFITS FROM YOUR REAL ESTATE**

Historically, real estate has proved to be one of the best long-term investments. Despite a downturn in the real estate market in recent years, most experts quickly agree that owning a home is still one of the best investments available to the average individual. Other types of real estate might include land, condominiums, cooperative apartments, vacation homes, farmland or commercial property. Growth in value is certainly good news to those fortunate enough to have channeled part of their earnings and capital into real estate. Significant appreciation, however, also presents potential income and estate tax issues associated with the sale of real estate either during life or from an estate.

Planning Opportunities and Charitable Giving

A gift to Penn using real estate can mitigate the harsh effects of income and estate taxes, provide liquidity, and satisfy personal philanthropic objectives. There are several ways an individual can arrange a gift of real estate and at the same time protect his or her family’s financial security. Maximum tax benefits are, of course, realized through an outright contribution of real property. It is also possible to structure a real estate gift to generate lifetime payments to you or your loved ones with a charitable trust or annuity.

Unlike the taxable gain triggered by a sale of the property, the donor will not realize a taxable capital gain upon a charitable gift. An additional and equally important benefit is that the full fair market value of such a gift may be deductible for income-tax purposes up to 30% of an individual’s adjusted gross income. Any contribution in excess of this exceeds the 30% limitation may be carried over for up to five years. These dual tax benefits combine to substantially reduce the cost of such charitable gifts.

Charitable gifts of real estate provide a variety of exciting opportunities to benefit donors, their families, and charitable causes like Penn. Such gifts should be planned carefully to derive the maximum benefits. We invite your questions and welcome the opportunity to discuss the many benefits of using real estate to make a gift.

A SMART WAY TO GIVE

You can make a gift to support the area at Penn that is dearest to you while benefiting from your own generosity. A charitable remainder trust is one way to achieve such an objective. The appeal of the charitable remainder trust lies in its flexibility. This planned giving vehicle can be set up either for the life or lives of one or more individuals (including yourself), or for a term of up to 20 years. Once the trust is established it will generate annual payments at a pre-determined percentage. At the end of the trust’s term, the remaining assets are then distributed to the program at Penn that you wish to support. A charitable remainder trust can be an effective tool to simultaneously achieve multiple estate, financial, and charitable planning objectives.

You have options regarding the assets used to fund the trust, the identity of the trustee, and the payout rate. You can fund the trust with cash, securities, or real estate — or some combination. Highly appreciated assets that generate low income are ideal, because you can obtain capital gains tax advantages. When you fund your trust, you may be entitled to an income tax charitable deduction, in an amount that will depend upon the funding amount, the age of the beneficiary or beneficiaries, and the payout percentage (with a lower payout generating a higher deduction).

There are two types of charitable remainder trusts — the charitable remainder unitrust pays you or other designated parties a fixed percentage of the principal in the trust as it is valued annually. You have the ability to make additional gifts to a unitrust at any time and it will provide possibilities for retirement planning and the ability to implement other goals. Alternatively, the charitable remainder annuity trust makes annual payments fixed at a specific percentage of the value of the trust when it is established, and additional gifts to an existing annuity trust are not permitted. Trust payments are taxed to the non-charitable recipients based upon the type of income earned by the trust.

If you would like to learn more about how a charitable remainder trust can fit into your philanthropy, contact us today!

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**PLEASE SEND ME INFORMATION ON:**

- Bequests
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Gifts using Retirement Assets
- Gifts using Real Estate
- The Penn Donor Advised Fund
- Other

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**BRINGING IT ALL TOGETHER**

Earlier in the spring, Penn’s Office of Gift Planning launched a new and improved website, full of information on the many ways to support the programs at Penn that are closest to your heart. Penn is made up of 18 unique schools and centers, and our new Gift Planning website spells out the many creative ways you can support them. Take a few minutes to visit the site and discover just how engaging it is.

Whether you’re looking for information on a bequest, charitable gift annuity, or charitable remainder trust or you want to learn about the many tax-advantaged ways to fund your gift… it’s all there.

www.giving.upenn.edu/giftplanning
Thank you!
The Charles Custis Harrison Society

The Harrison Society recognizes alumni and friends of the University who have planned for its continuing excellence through a planned gift. Through your support, you have created a meaningful legacy for present and future generations. Penn extends its deepest gratitude and appreciation to Harrison Society members for their outstanding generosity which sustains Penn’s tradition of innovation and excellence in education.

A message from Harvey Porter, L’58

It was 1957, and Harvey Porter, recently married and struggling to pay his bills, was wondering if he would be able to survive economically for another year while pursuing his law degree at Penn. One particular day stands out in his memory.

“I was called into the office of W. Foster Reeve III,” he says, “and told I had been awarded a $500 scholarship along with a $700 loan from the University.” Professor Reeve was renowned for his keen sense of humor, but this was no joke, and Porter’s spirits were immediately lifted.

Today, Harvey Porter, L’58, retired from his position as President and Chief Executive Officer of Regent National Bank, looks back with gratitude on the support that made all the difference to him in his career. “It was this experience,” he says, “that motivated my gift to establish scholarships for students who would otherwise have to work part time to get through law school.”

Using real estate to fund two planned gifts, a Charitable Remainder Trust and a Charitable Gift Annuity, the Porters were able to provide their daughter with a fixed income for life, honor his 50th Reunion, and make a major contribution to the Law School’s Bold Ambitions campaign. “It is really great to look ahead and know, that future students will be able to get the most out of their Penn Law educations with the help of the Porter Family Scholarship Fund.”

key is designed to provide insightful information on the many charitable gift arrangements available and is published exclusively for Harrison Society members and alumni and friends of the University.

Consult your professional adviser(s) about the applicability to your own situation of the legal and tax information contained within.

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the used key is always bright.
–Benjamin Franklin

“From the University of Pennsylvania Harrison Society Summer 2014”

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Penn Office of Gift Planning
Helping You Make a Difference

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