



Heritage

Winter 2006

Marshall Benefits From Donor Generosity Through New IRA Rules

Already a generous donor to Marshall University's academic and athletic programs, 1959 MU graduate Richard Delyn Jackson is the first donor to make a new type of gift to Marshall.

Jackson's gift, made possible by the Pension Protection Act of 2006, will be a tax-free transfer of \$100,000 directly from his individual retirement account (IRA). The gift will be designated to the Richard Delyn Jackson Endowment for New Business Frontiers, the Society of Yeager Scholars program and the Big Green Scholarship Foundation Inc.

Jackson planned for Marshall to be the beneficiary of his IRA at his death. But the new federal legislation allows the transfer of a portion of these funds to be made during a donor's lifetime. For 2006 and 2007, Congress is allowing individuals to make tax-free direct transfers from IRAs to qualified charities such as Marshall.

"This is something everybody should look at," Jackson says. "It's a wonderful opportunity. People at this age should take advantage of this. It's a tax-free way to provide something to the university in a way that would have minimal impact on their personal expenses.

"I would not have had a college education were it not for my football scholarship to Marshall," Jackson continues. "I owe a great deal of what I've accomplished in business to Marshall. I'm proud of the tremendous progress here and glad to contribute toward the growth of this great university."

Jackson has been honored with membership in the Heritage Society in recognition of his planned gift. He serves on the Yeager Scholars Board of Directors, has been inducted into the MU Business Hall of Fame, and has received an honorary doctorate degree and the Alumni Association Community Achievement Award.

Jackson, chairman of the board with ebank Financial Services Inc. in Atlanta and former chief executive officer of Georgia Federal and First Georgia Bank, has lived in Atlanta since 1968. He has written three books: *Too Stupid to Quit: Banking and Business Lessons Learned the Hard Way*; *Yesterdays Are Forever: A Rite of Passage through the Marine Corps and Vietnam War* and *The Last Fast White Boy*, a story about athletics at Marshall during Jackson's involvement in various sports during the 1950s.



(From left) Marshall President Stephen J. Kopp and Richard Jackson '59 with John K. Kinzer, Interim CEO of The Marshall University Foundation Inc.

photo courtesy of Ricky Hays

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A New Opportunity for Giving: The Charitable IRA Rollover

When planning your charitable gifts, there's a new option that can pay big dividends at tax time. Under the Pension Protection Act of 2006, for a limited time owners of individual retirement accounts who have attained age 70½ can make tax-free charitable gifts directly from their plans!

Prior law, which still applies to those who don't qualify under the new rules, dictates that individuals who make withdrawals from their IRAs and donate them to charitable organizations must include the taxable portion of the withdrawal in their gross income. They could then claim a charitable deduction for the amount of their gift. Although this sounds relatively simple, it can add complexity and, in some cases, create additional taxes.

The new law removes these obstacles and streamlines the process by allowing qualifying IRA owners to exclude "qualified charitable distributions" from their gross income. Excluding this income also eliminates the need to claim an offsetting charitable deduction. Therefore,

the new plan will be particularly attractive to donors who wouldn't otherwise itemize their tax deductions.

Why Donate From Your IRA?

When planning your charitable contributions, it's a good idea to donate assets on which you (or your heirs) would otherwise pay the highest tax.

- **Saving Taxes Now**—Unlike certain capital gains and qualified dividends from other assets you may own, which are both taxed at a maximum federal rate of 15 percent, distributions from IRAs can be taxed at the top federal rate of 35 percent. Therefore, if given a choice, it makes good sense to give away income from your IRA that would otherwise be taxed at the highest tax rates and keep assets that are taxed at lower rates.
- **Saving Taxes Later**—A more important reason to consider donating from your IRA *now* involves how your plan might be taxed *later*. IRAs can be one of the most expensive assets to pass to your heirs, but one

You can support scholarships or any programs you hold dear through a bequest in your will. Or you could include a statement that says if anything is left over in your estate, it should go to The Marshall University Foundation Inc. This is called a residuary bequest.

Gifts to Marshall University are made to:

The Marshall University
Foundation Inc.
One John Marshall Drive
Huntington, WV 25755
Tax ID: 5506011111



The penalty to a freshman not knowing the Alma Mater back in the 1950s was to sing it under the direction of an upperclassman in front of the student union. All freshmen also were required to wear the green beanie of Marshall.

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The Secret to Maximizing Your Tax Advantages

Learn how the Pension Protection Act of 2006 makes it easier to make charitable gifts from your IRA now and in the future.

Request your FREE copy of **How to Make Charitable Gifts From Your IRA** using the enclosed reply card.

of the least expensive to give to charitable organizations. Why?

First, like other assets you own, the value of your IRA will be included in your estate for federal estate tax purposes. Depending on the size of your estate, unless the beneficiary of your plan is a surviving spouse, a portion of your plan could be subject to federal estate taxes up to 46 percent in 2006, or 45 percent in 2007. Next, unlike most other assets that receive a stepped-up cost basis in your estate, IRAs produce "income in respect of a decedent." This means that after the payment of any estate taxes, your heirs will pay income taxes on the remainder. Add state income taxes and the combined tax erosion can exceed 80 percent.

As an alternative, if you donate from your IRA during life or name a charitable organization as the beneficiary of your plan after you are gone, all of these taxes disappear.

Questions?

Following are some of the most frequently asked questions that apply to IRA changes brought about by the Pension Protection Act of 2006:

What is a qualified charitable distribution (QCD)?

A QCD is any distribution from a traditional IRA made directly by the IRA administrator to a public charity described in Internal Revenue Code that would have been taxable if distributed to the account owner. Unfortunately, QCDs do not include gifts to donor advised funds or supporting organizations.

Who can make qualified charitable distributions?

IRA account owners who are at least age 70½ on the date of distribution may make a gift this way.

Is there a time limit?

This provision is scheduled to expire at the end of 2007. Unless extended, your gifts must be delivered no later than Dec. 31, 2007.

Is there a dollar limit?

You can exclude up to \$100,000 in 2006 and \$100,000 in 2007. Unused exclusions cannot be carried over from 2006 and used in 2007.

Can charitable distributions be applied to my minimum required distribution requirements for the year?

Yes. If, for example, you are required to withdraw 5 percent from your IRA for the year, you can direct the entire amount to a charitable organization in satisfaction of your minimum required distribution.

Do special rules apply if I have made nondeductible contributions to my IRA?

Yes. In fact, the rules are very favorable. Only amounts that would otherwise be taxable to you if withdrawn are QCDs. In addition, taxable amounts for all your plans combined are considered as being distributed first. For example, if all of your IRA accounts total \$150,000 (including \$50,000 of nondeductible contributions) you can make QCDs totaling \$100,000. If you like, you can then withdraw the remaining \$50,000 personally as a tax-free return of your nondeductible contributions, donate it and claim an additional \$50,000 income tax charitable deduction.

Because I am not claiming a deduction, do I still need a tax receipt?

Yes. Although you will not be claiming a charitable deduction, we will provide you with a written acknowledgement to substantiate your exclusion. In order for your gift to qualify, the acknowledgement must also state that you received no benefits of value in exchange for your gift.

How do I get started?

A great place to start is to give us a call and let us know you are interested in making a gift from your IRA. We also recommend you contact your tax advisor. There is no substitute for professional advice.

How do I request a charitable distribution from my IRA?

Once you have determined the amount of your gift, contact your IRA plan administrator and request the distribution be made payable directly to the charitable recipient. We would be pleased to provide you with a sample request.

Heritage Society



John, B.B.A., '64 and
Donna Underwood

The Heritage Society was established to recognize those who provide for the future of Marshall University and its students through planned gifts such as a bequest in a will or trust, a gift annuity, a life estate agreement, or a life insurance or IRA gift.

If you have planned a gift to Marshall and wish to become a member of the society, please contact Dr. Lynne S. Mayer, Associate Vice President for Development.

Proud Partner



LEAVE A LEGACY®

Make a Difference in the Lives that Follow

Lynne S. Mayer, Ed.D.
Associate Vice President
for Development
Marshall University
One John Marshall Drive
Huntington, WV 25755-6021

The following individuals have informed us of their planned giving intentions.

New members in bold

Mr. David B. Akers (W.Va.)
Rev. Dr. & Mrs. H. Pat Albright (Pa.)
Elizabeth Ann Allen (W.Va.)
Robert F. & Patricia A. Anderson (Ariz.)
Mr. & Mrs. W. B. Andrews, II (W.Va.)
George M. & Susan F. Arnold (Mich.)
Richard F. & Patricia J. Arthur (Va.)
John & Robin Ashford (W.Va.)
Franklin David Austin (S.C.)
Daniel P. Babb (W.Va.)
Carolyn Bagby (W.Va.)
Mr. & Mrs. Carlos Ballard, Jr. (W.Va.)
Bob & Liz Barnett (W.Va.)
Edgar O. & Betty H. Barrett (W.Va.)
Jim "Moose" Barton (Fla.)
Mrs. Betty Sue Whitehill Beach (W.Va.)
George Blankenship (Ill.)
Jack T. Sr. & Mary Margaret Blevins (Ky.)
Jacques J. S. & Mary Lou Blumer (Cal.)
Terry & Ginger Booton (Ga.)
G. Robert & Sylvia E. Brammer (Texas)
C. Anthony Broh (Mass.)
Dr. & Mrs. J. A. Brothers (Fla.)
Randall A. & Vanessa L. Bryan (N.C.)
Mr. & Mrs. James L. Call, II (Ind.)
Dr. & Mrs. C. Blaine Carpenter (Pa.)
Charles W. & Norma C. Carroll (W.Va.)
Mrs. James E. Chapman (Ga.)
Mr. Ezra Howard "Moo" Cochran (W.Va.)
Mr. & Mrs. Ronald E. Cohen (Texas)
Mr. & Mrs. R. Craig Cole (Mass.)
Elinor Frances Copenhaver (W.Va.)
William D. Crigger, M.D. (W.Va.)
Mr. & Mrs. Dale L. Crookshanks (N.Y.)
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Ms. Sally O. Cyrus (W.Va.)
Robert & Dianna Dardinger (Ohio)
Joseph C. & Sarah Dawson (Calif.)
Woodrow S. Dellinger, Jr. (Md.)
William N. Denman, Ph.D. (W.Va.)
Dr. John E. Dolin (W.Va.)
Mr. & Mrs. William C. Dolin (W.Va.)
Roger S. Dyer (Ohio)

Jack & Judy Eblin (W.Va.)
W. Dan & Debra Egnor (W.Va.)
Prentiss Lee, Jr. & Diane Ramy Faulconer (Fla.)
Mr. & Mrs. Theron Albert Ferrari (N.Y.)
Nolan Fowler (Tenn.)
Skip & Pat Gebhart (W.Va.)
Mr. & Mrs. Michael W. Gerber (W.Va.)
David N. Gillmore (Texas)
Joe & Gale Given (Ind.)
Mrs. Charles J. Gould (Wash.)
Marnie Lowe Graley (W.Va.)
Charles & Patricia Stump Griner (Fla.)
George H. & Virginia L. Gunnoe, Jr. (Ga.)
Ralph R. & Terri (Hill) Hagy (W.Va.)
Geoffrey Hall '75 (Pa.)
Glenn W. & Nancy F. Hall (W.Va.)
Mr. & Mrs. Nibert Hannan (N.C.)
Mr. Charles L. Harless (W.Va.)
Mr. James H. Harless (W.Va.)
Dr. James W. & Mrs. Harriet J. Harless (W.Va.)
Ruth & William B. Harwood (Md.)
C. Donald & Sandra Soto Hatfield (Ariz.)
Mr. & Mrs. Stephen P. Hatten (W.Va.)
Dottie Hazlett (Ky.)
Mr. & Mrs. Charles B. Hedrick (Ohio)
Mr. & Mrs. Earl W. Heiner, Jr. (W.Va.)
John G. Hess & Jane E. Hess (W.Va.)
Dr. Dorothy E. Hicks (W.Va.)
Leslie A. Hissem (Md.)
Mary H. & J. Churchill Hodges (W.Va.)
Ron & Lisa Hooser (W.Va.)
Vivian Humphrey (Ala.)
Willard & Carolyn Hunter (W.Va.)
Dr. Ronald G. Hurley & Mrs. Nancy Hamilton Hurley (Mich.)
Mr. & Mrs. Wilburn L. Hurst (W.Va.)

Richard Delyn Jackson (Ga.)
Philip & Betty Clare James (Ariz.)
Carla Ann Johe (W.Va.)
Mr. C. Bosworth & Dr. Dorothy Johnson (W.Va.)

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Diane Slaughter (W.Va.)
Ms. Dora Faye Smith (W.Va.)
Jeff & Crystal Smith (W.Va.)
Marc & Susan Sprouse (W.Va.)
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Mr. David G. Todd (Wash.)
Drs. Joseph B. & Omayma T. Touma (W.Va.)
Russell Troutman (Fla.)
Jane J. Trowbridge (W.Va.)
Larry & Cheryl Tweel (W.Va.)
Mr. & Mrs. John L. Underwood (W.Va.)
Carole A. Vickers (Texas)
Stella J. Wawrynovic (Pa.)
Mrs. Thelma Williams Weber (Fla.)
Mr. & Mrs. Arthur Weisberg (W.Va.)
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Mrs. Robert D. Wolff (W.Va.)
Mrs. Betty Ann Moser Yost (Fla.)
Hilda Bowman Young (Wash.)
Mrs. Isabelle D. Zacharias (Ohio)

In Memoriam
Ruth Elizabeth Butler
Margaret Stanley Chorn
Joan C. Edwards
Rinard & Margaret Ann Hart
Howard Johe
Robert L. Piltz