

SPRING/SUMMER 2023

# Foresight

A Guide to Financial &  
Charitable Gift Planning

UCSF



Inside: Charitable Remainder Trusts—Meeting the Challenges

# Foresight

## A Guide to Financial & Charitable Gift Planning

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For more information on making a planned gift, please complete and return the attached reply card, visit our website, or reach us using the contact information below.

### Office of Gift & Endowment Planning

UCSF Box 0248  
San Francisco, CA 94143-0248

[giftplanning.ucsf.edu](http://giftplanning.ucsf.edu)

TEL 415-476-1475

FAX 415-476-0601

Email [giftplanning@ucsf.edu](mailto:giftplanning@ucsf.edu)

Gardner Trimble, JD, *Executive Director*

Bill Ruettinger, JD, *Senior Director*

Judith A. Mazia, JD, *Director*

April Kim, *Director*

Dana P. Thomas, JD, *Assistant Director*

Photos: Noah Berger,  
Barbara Ries, and Susan Merrell

The information contained herein is offered for general informational and educational purposes. The figures cited in the examples and illustrations are accurate at the time of writing and are based on federal law as well as IRS discount rates that change monthly. State law may affect the results illustrated.

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We encourage you to consult your attorney about the applicability to your own situation of the legal principles contained herein.



## MESSAGE FROM THE EXECUTIVE DIRECTOR:

Life can present a variety of financial challenges, including planning for retirement, paying for college for loved ones, and providing income for a family member who is dependent on you. Because of their flexibility, trusts are one of the best tools you can use to address these concerns—and achieve philanthropic goals as well.

This issue of *Foresight* explores different kinds of trusts and how they may pose effective tax-wise solutions to these issues and help you reach your charitable goals.

We would welcome the opportunity to speak with you and to address any questions you might have. Our knowledgeable staff can help you determine the perfect gift that will both satisfy your charitable and financial goals and ensure we can fulfill our mission for years to come.

We look forward to assisting you.

With gratitude,

Gardner Trimble  
Executive Director, Gift & Endowment Planning

# Charitable Remainder Trust Meeting the Challenges

Our financial, personal, and charitable objectives sometimes appear mutually exclusive. For example, providing inheritances to our loved ones seems to preclude making an estate gift to charity. Preserving enough income to sustain our lifestyle seems difficult if we make a charitable gift of investment assets. The challenge is to find a way to do both. The solution to the challenge may be a charitable remainder trust (CRT), which is discussed in this newsletter.

## How a CRT Works

**Q: I HAVE HEARD THAT A CHARITABLE REMAINDER TRUST CAN PAY YOU INCOME FOR LIFE AND THAT YOU CAN ALSO CLAIM A SIGNIFICANT TAX DEDUCTION WHEN YOU CREATE ONE. HOW DOES THAT WORK?**

**A:** When you establish a CRT, you really create two separate and distinct interests in the same property. First, you create an “income” interest in the form of payments to you or other beneficiaries that you designate. Those payments can be made either for the life of the beneficiaries or for a term of up to 20 years, depending on the age of the beneficiary. A beneficiary can be anyone you choose.

Second, you create a “remainder” interest, which consists of the trust assets when the trust terminates. These remaining assets are distributed to one or more charities that you designate. For example, you might establish a charitable remainder trust that pays income to you for life and then distributes whatever remains in the trust to UCSF. The remaining trust assets are irrevocably committed to charity, so you are entitled to an income-tax deduction.

**Q: IS THERE MORE THAN ONE KIND OF CRT?**

**A:** Yes, there are two basic types. One is the charitable remainder annuity trust (CRAT), which pays a fixed amount to the beneficiary or beneficiaries each year as long as the trust lasts. The other type is the charitable remainder unitrust (CRUT). Although the percentage a unitrust pays each year is fixed, that percentage is applied to the value of the trust principal as it changes from year to year. This variable payment provides some hedge against inflation—often making a CRUT a better choice than a CRAT if there is concern about keeping pace with a rising inflation rate.

Another factor to keep in mind with CRUTs is that a lower current payout rate can lead to higher income in the future. **Reason:** Because CRUT payments are recalculated each year, a lower payout rate will enable the trust to grow more rapidly—which in turn will lead to higher future payments.

**Note:** For either a CRAT or CRUT, the payout rate and the charitable deduction are inversely related. In other words, lower payout rates produce higher deductions and vice versa. The following charts show deductions for different payout rates for both CRATs and CRUTs at representative ages and based on a presumed IRS discount rate.

CRAT—\$100,000 Gift Charitable Deduction			
One Life			
Age	5%	5.5%	6%
75	\$60,878	\$56,965	\$53,053
80	\$68,364	\$65,200	\$62,036
85	\$75,256	\$72,781	\$70,307
Two Lives			
Ages	5%	5.5%	6%
75-75	\$50,152	\$45,167	\$40,182
80-80	\$58,458	\$54,304	\$50,150
85-85	\$66,596	\$63,256	\$59,915

CRUT—\$100,000 Gift Charitable Deduction			
One Life			
Age	5%	5.5%	6%
65	\$45,480	\$42,381	\$39,554
70	\$52,881	\$49,915	\$47,167
75	\$60,649	\$57,932	\$55,379
80	\$68,214	\$65,834	\$63,568
85	\$75,164	\$73,170	\$71,250
Two Lives			
Ages	5%	5.5%	6%
65-65	\$34,398	\$31,057	\$28,067
70-70	\$41,712	\$38,361	\$35,304
75-75	\$49,813	\$46,592	\$43,602
80-80	\$58,229	\$55,274	\$52,489
85-85	\$66,451	\$63,873	\$61,409



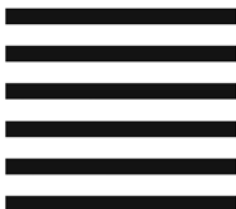


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## An Invitation to Join

We invite you to join the Heritage Circle if you have made a commitment to support UCSF through a gift in your will or other planned gift. Benefits of membership include:



- Invitations to special events, including the biennial tea hosted by the Chancellor
- Periodic updates on new research and clinical findings
- Opportunities to meet remarkable students and preeminent UCSF faculty
- Recognition in donor publications (if desired)

**To learn more about how to join the Heritage Circle, please contact the UCSF Office of Gift & Endowment Planning at 415-476-1475 or email us at [giftplanning@ucsf.edu](mailto:giftplanning@ucsf.edu).**

# Get Our Helpful Guide to Find Out How to Give and Receive

1. Return the attached reply card
2. Call the Office of Gift & Endowment Planning at 415-476-1475
3. Email [giftplanning@ucsf.edu](mailto:giftplanning@ucsf.edu)
4. Visit [ucsf.giftplans.org/Trusts](http://ucsf.giftplans.org/Trusts)

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## Return This Card

- Please send me a complimentary copy of ***Enhance Your Financial Security with Effective Use of Charitable Remainder Trusts.***
- I would like information about making a gift to UCSF that would also provide income for me and/or others.
- I would like information about including a gift to UCSF in my will or living trust.
- I have already included a gift to UCSF in my will or living trust and would like to notify your office.



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## Recent Estate Gifts

UCSF School of Medicine alumnus **Allen Cagle** gave an unrestricted gift of \$875,000 to the UCSF School of Medicine. He completed his internship and residency in pathology and spent 40 years in Whittier, California, before moving to Santa Rosa, California, and then Medford, Oregon, to be with his family.

**Allen Shih-Yun Chen** of Michigan left \$15,000 to the UCSF Curry International Tuberculosis Center.

The UCSF School of Nursing received a gift of \$2,000 from **Dolly Ito** of Washington who earned her doctorate in nursing at UCSF. She joined the U.S. Army Reserves and retired having attained the rank of Lieutenant Colonel.

Walnut Creek, California, residents **Jeanene P. and Samuel Nuccio** made a \$148,611 bequest to support the UCSF Osher Center.

San Francisco resident **Nathan Roth** included a gift of \$123,454.79 from his will to support stem cell research.

UCSF Benioff Children's Hospitals – San Francisco and Oakland received a total of \$104,640 from **Mary Rose Slattery** of San Mateo, California.

**For more information on how to make a planned gift, please call us at 415-476-1475 or visit us at [giftplanning.ucsf.edu](http://giftplanning.ucsf.edu).**

# Request Your Complimentary Guide, Enhance Your Financial Security with Effective Use of Charitable Remainder Trusts



With this guide, you can find out how to make a gift that benefits both you and UCSF:

- Learn how to augment current income.
- Find out how a trust can provide a hedge against inflation.
- See tips for achieving secure, fixed income.

**To request our complimentary guide, simply return the attached reply card or visit [ucsf.giftplans.org/Trusts](http://ucsf.giftplans.org/Trusts)**

**Office of Gift & Endowment Planning**  
University of California, San Francisco  
UCSF Box 0248  
San Francisco, CA 94143-0248

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