

We'd like to hear from you.

- I already have included Allegheny College in my estate plans.
- I would consider including Allegheny in my estate plans.
- I would appreciate a call or personal visit. I am interested in
 - bequests
 - gifts of real estate
 - life-income plans
 - gifts of stock/appreciated assets
 - the correct wording for including Allegheny in my will
- I would like a personalized gift annuity illustration:
 - ____ Birth date(s) of beneficiary(ies)
 - ____ Gift amount

DETACH HERE

Name

Class

E-mail

Address

City State ZIP

Home Phone

Office Phone

(Please fold and tape closed before mailing.)

Make a Difference Through the
William Bentley Legacy Society

The William Bentley Legacy Society is a recognition society for those who have provided for Allegheny College through wills, charitable gift annuities and charitable trusts. Some members have designated the College as a beneficiary of their life insurance policies or retirement-plan assets.

Members of the William Bentley Legacy Society are recognized in the College's annual *Report of Gifts* and other publications (unless they prefer to remain anonymous).

Save More for Retirement ... continued from page 4

Regardless of which plan option you choose, none of the earnings on funds in the plan will be subject to current income tax. Without this tax burden, the funds grow much faster.

SET ASIDE MORE WITH A DEFERRED GIFT. Many of our friends who are in peak earning years but still some time away from retirement tell us that they would like to be able to save more for retirement even after they have fully utilized all the traditional tax-advantaged methods available to them. For those with major charitable objectives, a deferred gift annuity may be the solution.

For instance, a 55-year-old who wants to set aside an additional \$50,000 this year and begin receiving payments at 65 will get an additional \$4,200 each year for life when the payments start. We would be delighted to discuss how a deferred-payment gift annuity could fit into your plans.

Next Steps

Are you wondering what your best next step is? Maybe you'd like more information, or maybe you'd like to speak to us directly. Here are a few options:

- 1. Visit** us online at www.allegheny.plannedgifts.org to learn more about how you can make a real difference at Allegheny.
- 2. E-mail** us at giftplan@allegheny.edu.
- 3. Join** our William Bentley Legacy Society. Contact us to learn more about being recognized for your generosity to Allegheny.

For More Information

To learn more about savvy year-end strategies, please request complimentary information by returning the attached response card or by visiting our Web site at www.allegheny.plannedgifts.org.

To learn more, contact:

Melissa Mencotti 814-332-5912 melissa.mencotti@allegheny.edu
Julianne Weibel Foltz 814-332-2735 julianne.foltz@allegheny.edu

Office of Gift Planning
Allegheny College
520 North Main Street
Meadville, PA 16335



Linda Lees, Julianne Weibel Foltz and Melissa Mencotti of the Gift Planning office

We advise you to seek your own legal and tax advice in connection with gift and planning matters. Allegheny College does not provide legal or tax advice. This communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.

Inside this issue:

- Year-End Planning in Uncertain Times..... 1
- Bequest from Judy Gallagher '69 Benefits Carr Hall 4
- William Bentley Legacy Society..... 5



ALLEGHENY COLLEGE

Ms. Melissa Mencotti
Director of Gift Planning
Allegheny College
520 N. Main Street
Meadville, PA 16335

Change Service Requested

Nonprofit Org.
Auto
US Postage
Paid
Indianapolis, IN
Permit No. 8478



THE ALLEGHENY PLANNER

A Guide to Financial and Charitable Gift Planning

Certain Charitable Year-End Planning in Uncertain Times

The end of the tax year always challenges taxpayers to strike just the right balance in their tax planning—to control the timing of deductions and the recognition of income to achieve optimal results. But this year there is one additional element that permeates the planning process: No one knows for sure what 2011 will bring.

Unless the current Congress acts, tax changes put in place under the 2001 Tax Act will expire on December 31, turning time back 10 years to the tax code as it existed then.

That would cause the top income-tax rate to increase from 35% to 39.6% and the top rates on most capital-gain income and qualifying dividends to increase to 20% and 39.6%, respectively. Even more dramatic, while the federal estate tax is gone this year, it may be back next year with rates as high as 55% and an exemption of just \$1 million.



Few observers believe that Congress will fail to intervene—especially in regard to the estate tax. However, speculating on what changes Congress might eventually make presents its own challenges. Fortunately, there are many charitable strategies available that can provide valuable benefits now—especially for those with significant philanthropic goals. In this issue of *The Allegheny Planner*, we will take a look at several that you may find fit into your plans.

Year-End Gifts to Allegheny Yield Tax Savings

If you are hunting for year-end tax savings, the charitable deduction can be a valuable arrow in your quiver. If you itemize your deductions, a charitable tax deduction yields tax savings proportional to your marginal tax bracket.

A \$10,000 CHARITABLE DEDUCTION PRODUCES THE FOLLOWING TAX SAVINGS:

Tax Bracket	Net Cost of Gift	Tax Savings
15%	\$8,500	\$1,500
25%	\$7,500	\$2,500
28%	\$7,200	\$2,800
33%	\$6,700	\$3,300
35%	\$6,500	\$3,500



BONUS SAVINGS USING APPRECIATED PROPERTY. Depending on the asset you choose to fund your year-end gift to Allegheny, your total savings may be even greater. If you give stocks, bonds or real estate, you not only get to deduct the full fair-market value of the asset, you also avoid tax on any of the appreciation.

Example: Jeff gives Allegheny \$25,000 worth of stock he inherited when it was worth \$10,000. In his combined federal and state 30% tax bracket, the \$25,000 tax deduction saves him \$7,500. In addition, he avoids the capital-gain tax on the \$15,000 increase in the value of the stock that he would have owed had he sold the stock—an additional tax savings of \$2,250. **TOTAL SAVINGS:** \$9,750.

Turn Your Gift Into a Source of Income

Creative year-end gift planning will allow you to generate both a charitable deduction and a new source of annual cash flow for yourself or others.

One of the oldest and most popular of these “life income” gifts is the charitable gift annuity. **Here’s how it works:** In return for your contribution to Allegheny, we commit to pay you—or the one or two persons you designate—a specified amount of income for as long as you live, guaranteed by the total assets of Allegheny. (See chart below.)

A SOURCE OF NEW INCOME. A well-planned gift annuity can offer a tax-advantaged way to transform highly appreciated but low-yielding stock into an important source of current income without the full brunt of capital-gain taxation.

Example: Jane and Tom, both 72, had long been interested

in making a significant gift to Allegheny but needed as much income as possible from their assets. After discussing their goals with their advisors and a member of our staff, Jane and Tom decided to contribute stock they bought years ago for \$100,000 that is now worth \$200,000 for a charitable gift annuity that will pay them \$11,000 each year as long as either of them lives. Since the stock paid no dividends, the entire annuity payment is net additional cash flow.

Even though they had \$100,000 of gain in their stock, they avoided tax on \$22,000 and recognized only about \$78,000 of that gain—and they spread that over the balance of their life expectancies at approximately \$4,150 per year. Even better, more than \$4,150 of this annual income will be tax-free over their life expectancies and they can take a deduction this year for \$43,700.

INCOME FROM A \$100,000 GIFT ANNUITY					
One Life			Two Lives		
Age	Rate	Income	Ages	Rate	Income
65	5.5%	\$5,500	65-65*	5.1%	\$5,100
70	5.8%	\$5,800	70-70	5.4%	\$5,400
75	6.4%	\$6,400	75-75	5.7%	\$5,700
80	7.2%	\$7,200	80-80	6.3%	\$6,300
85	8.1%	\$8,100	85-85	7.1%	\$7,100
90	9.5%	\$9,500	90-90	8.3%	\$8,300

*Acceptance of gift annuity contract dependent on the age(s) of annuitant(s) and the applicable IRS discount rate.

Judy Gallagher’s Bequest Benefits Carr Hall Renovation



Allegheny College recently received a bequest of \$822,590 from Judith Gallagher '69, who died in February 2009 from cancer. Judy, who earned a degree in music at Allegheny, had a career in banking before retiring in Hilton Head, S.C., where she enjoyed golfing and volunteering with the Main Street Youth Theatre.

The majority of her bequest will be used to support the renovation of Carr Hall to house the Environmental Science Department and to significantly improve Physics Department space. In 2008, Judy told Melissa Mencotti, director of gift planning, that she had included the College in her estate plans because “Allegheny is a great place, and I want it to stay that way.”

Save More for Retirement

Tax-Advantaged Retirement Funds

HELP SECURE YOUR FUTURE AND GET A VALUABLE TAX DEDUCTION. Everyone with earned income has some tax-advantaged opportunity to set aside money for retirement. Many employers offer plans that allow tax-deductible contributions to a retirement plan, such as a 401(k), and many match some or all contributions—sometimes even in multiples of the amount contributed.

Even if you don’t participate in an employer’s plan or if you are self-employed, you can still contribute to your own plan through an IRA or a plan for self-employed persons. In many cases you can even choose between taking a current deduction for the amount you contribute or tax-free distributions later from a Roth IRA.

continued on page 5

BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 7 MEADVILLE, PA
POSTAGE WILL BE PAID BY ADDRESSEE

Ms. Melissa Mencotti
Director of Gift Planning
Allegheny College
520 N. Main Street
Meadville, PA 16335-3902

NO POSTAGE
NECESSARY
IF MAILED
IN THE
UNITED STATES

