A Legacy of Giving

For Jerry ‘67 and Elaine (Perdue) ’62 Ramsey, supporting University of Puget Sound is truly a family tradition.

Mentor J. Perdue, Elaine’s grandfather, attended Northwestern University. He initially majored in geology and then, when he “got the call,” enrolled in the School of Theology.

After ordination in the Methodist Church, Rev. Perdue was assigned to the Tacoma area and affiliated with University of Puget Sound, the local Methodist college at the time. In the 1950s, he established the Reverend Mentor J. Perdue Scholarship, which is awarded to Puget Sound students in financial need who major in economics, any of the physical sciences, or business.

Elaine’s father, Paul Perdue ’33, also attended Puget Sound and eventually joined the faculty as a professor in economics. Paul played on several sports teams as a student. He was generally overlooked until a baseball matchup against Pacific Lutheran University in 1931, when he turned the tide as a late-inning relief pitcher.

Elaine’s mother, Helen ’34, worked at Puget Sound as a placement secretary. Paul and Helen continued to endow his father’s scholarship during their lifetimes and provided in their will for the Puget Sound athletics program.

It is no surprise Elaine married a fellow Puget Sound alumnus, Jerry Ramsey. Though they didn’t meet on campus (Jerry served in the Air Force before attending Puget Sound), they share a love for the school, especially the athletics teams. The Ramseys attended games while dating and to this day are dedicated supporters of the Loggers.

After graduation, Elaine taught elementary school for 31 years. Jerry earned a master’s degree in education from University of Washington and a doctorate in pedagogy and curriculum design from Columbia Pacific University. Jerry taught in both elementary and secondary schools for 27 years. During that time he also taught pedagogical methods to fellow economics and social science teachers at Pacific Lutheran University.

You can find the Ramseys enjoying lunch on campus every Tuesday and, during the school year, at the monthly Loggers luncheon to get team updates. Though they cheer all of Puget Sound’s athletes, they have a special place in their hearts for the basketball team. When on campus, they often stop to greet players by name—if the players haven’t sought them out first!

They have followed the team as far as Brazil, and have become close friends with Coach Justin Lunt.

Although Jerry and Elaine prefer making current gifts so they can see the results first hand, they have included Puget Sound in their estate plans with a charitable bequest. Not surprisingly, they have chosen to use their bequest to further endow the scholarship established by Elaine’s grandfather. At that time it will become the Reverend Mentor J. Perdue, Elaine Perdue Ramsey, and Dr. Jerry Ramsey Scholarship. Jerry says he sees this bequest as their legacy to an institution they deeply care about.

The next time you find yourself on campus on a Tuesday, stop by Wheelock Center at lunchtime and say hello to Elaine and Jerry. They might even introduce you to one of our athletes!
Charitable Lead Annuity Trusts have always been an excellent tool for families to pass personal wealth to the next generation. When done correctly, and in conjunction with a low interest rate market such as this, millions of dollars can be passed on while paying zero estate, gift, and generational skipping taxes.

Charitable Lead Annuity Trusts, however, also can be used for one’s own personal benefit both to reduce income tax and make a large charitable gift during your lifetime. This option is known as a “grantor lead trust,” and it is one of the positive options in the current market.

Even with the soft economy, many professionals and business owners will have substantial incomes in 2009 and 2010. Because the markets are now down more than 40 percent from their peak, those same professionals and business owners also may hold stocks with a current market value below their original cost basis. The “high income and loss stocks” combination opens the door to the excellent income tax savings of the pre-1969 grantor lead trust.

**Pre-1969 Lead Trust Bonanza**

Prior to 1969, it was possible to create a charitable lead trust and **receive a deduction for both income and gift taxes.** Because the total tax savings produced a gift that under 1969 tax rates actually saved more in taxes than the transfer to charity, this was a tax bonanza that Congress inevitably was forced to change.

One of the changes made was that if a donor receives an income tax deduction when setting up a Charitable Lead Annuity Trust, then the donor must pay tax on the income distributed to charity for the term of the lead trust. In effect, the donor receives a deduction in year one, but has taxable income during the term of the lead trust.

**As Good as 1969—Deduction Today With No Future Income Tax!**

Although a grantor lead trust enables the donor to report an income tax deduction this year, some donors are reluctant to create grantor lead trusts because they must also report the distribution to the charity each year as taxable income. If a strategy existed to reduce this future income tax to zero, the excellent benefits of the pre-1969 lead trust would exist again. But does such a strategy exist to turn back the clock?

The “As Good as 1969” lead trust is a grantor lead trust funded with a **balance of appreciated and loss stocks.** For a high-income professional or business owner, the 2009 income tax deduction will substantially reduce his or her ordinary taxable income. In effect, charitable deductions save at the top marginal ordinary income tax rate.

Lead trusts typically make annual payments to charity. To make the cash annuity payouts, trustees will sell stocks. When the stock is sold each year to make the distribution to charity, the basis in the portion sold will cause no gain recognition. The balance will be recognized at long-term capital gain rates. By selling loss stocks sufficient to offset the gains, however, the net taxable capital gain is zero. Assuming that the lead trust is funded with stocks paying no dividends, the donor must report the capital gains and losses, but he or she will have no net tax payable over the term of the lead trust.

**Net benefit:** There is a substantial charitable income tax deduction in 2009, no income tax in future years, and return of the stock portfolio at the end of the lead trust.

**Grantor Lead Trust Example**

Harold Henry, 67, is considering a Charitable Lead Annuity Trust (CLAT). Harold has been monitoring the AFR (applicable federal rate) because he knows that the lowest AFR produces the largest charitable income tax deduction. Because the AFR is so low (2.4 percent in May 2009), it is a great time to create a CLAT. If Harold transfers a portfolio of stocks with both gains and losses worth $1 million into a five-year, 5 percent payout CLAT in May, Harold’s charitable deduction is $232,960. With an AGI (aggregated gross income) of $800,000 in 2009, this deduction is just below his 30 percent limit for the year.

Therefore, assuming a 40 percent federal and state combined income tax rate, Harold could save income taxes of more than $90,000 by completing the gift now, while interest rates are so low.

Lastly, $250,000 will be distributed to charity as a result of Harold’s CLAT. He is amazed with this enormous benefit and decides that his CLAT will benefit his three favorite charities equally. In the end, Harold is completely happy with his plan. He turned falling stock markets and interest rates into a golden opportunity to help charity and himself.

© Copyright 1995-2009 Crescendo Interactive, Inc.
Meet Renee Kurdzos

Hello! My name is Renee Kurdzos, and I am thrilled to be the new development and planned giving officer at University of Puget Sound.

I am a Seattle-area native, born and raised in Bellevue, and now living in West Seattle with my husband, Kevan, and our wheaten terrier, Abbey. Before joining the Puget Sound staff, I was director of major gifts and planned giving for Seattle Repertory Theatre. Previously I worked for PONCHO and the Seattle Chinese Garden Society. I graduated from University of Washington with a B.A. in international studies.

I look forward to meeting as many alumni, parents, and friends of Puget Sound as I can in the coming months! Please feel free to contact me, so we can set a time to get to know each other. I can be reached at 253.879.3482 or rkurdzos@pugetsound.edu.

You will soon see changes to Sound Advice, including a new look, campus updates in every issue, and a reminder of upcoming events. Please let me know if you have any questions or comments. This newsletter is here for you!

Go Loggers!

Congratulations to Chris Myhre, who was recognized as both Men’s and Women’s Northwest Conference (NWC) Swim Coach of the Year! Congrats also to the women’s swim team for finishing first in the NWC championships and to the men’s swim team for finishing second! Both basketball teams also had exceptional seasons, as each advanced in the playoffs and recorded a combined 3.29 GPA.

Continuing Education

The Alumni Council Intellectual Life Committee is a group of Puget Sound alumni who volunteer their time to develop opportunities for alumni and faculty members to reconnect, allowing alumni to continue their academic experiences. To learn more about volunteer and educational opportunities, please contact the Office of Alumni and Parent Relations at 253.879.3245 or ericherzog@alum.ups.edu.

Alumni Event Recordings Available Online

If you were unable to attend recent alumni events in your area, you can now listen to the lectures online by visiting the Past Events section at www.pugetsound.edu/alumnievents.xml.

UPCOMING EVENTS

Logger Night with the Mariners!
Friday, June 5

The Seattle Mariners are offering discounted tickets to Puget Sound alumni. Come enjoy a special outing with friends and family! Reserved Seats $11 (Normally $20).

Purchase tickets online: www.pugetsound.edu/x30106.xml

Homecoming & Fall Family Weekend
Friday and Saturday, Oct. 9 and 10.
Visit www.pugetsound.edu/homecoming or call Megan Johnson at 800.339.3312 for more information.

Regional Events
To learn more about upcoming events or how to be involved with your regional club, please call Megan Johnson at 253.879.3245 or visit www.pugetsound.edu/x31463.xml.

Puget Sound’s fiscal year ends June 30!

Make your gift online at http://giveto.pugetsound.edu, by phone by calling Julie Frazier at 866.GO.LOGGERS, or by mail to:

University of Puget Sound
1500 N. Warner St. #1067
Tacoma, WA 98416-1067
The Legacy Society was established in 1986 to honor alumni and friends who are providing for the university through their estates, charitable trusts and/or gift annuities. The greatest benefit of belonging to the Legacy Society is the satisfaction of knowing that your long-range plans will help future students receive the advantages of an excellent liberal arts education.

As a member you will also receive:

- Invitations to society events.
- A cloisonné lapel pin.
- Recognition in the society’s membership roster (only with your permission).

If you have included Puget Sound in your will, trust, retirement plan, or other estate-planning vehicle, please let us know by calling the Office of Capital Giving at 253.879.2922, or visit [www.pugetsound.edu/giftplanning](http://www.pugetsound.edu/giftplanning), click on Legacy Society, and complete the enrollment form.

DISCLAIMER
As suggested by IRS Circular 230, University of Puget Sound advises that you should seek your own legal and tax advice in connection with all charitable gift and planning matters. The university does not provide legal or tax advice. This message may not be used or treated as legal or tax advice, but merely reflects ideas and opinions of the sender for the purpose and benefit of the university.