

Foresight



University of California
San Francisco

advancing health worldwide™

A GUIDE TO FINANCIAL & CHARITABLE GIFT PLANNING

One Hand Helping the Other

Having earned a Pharmacy degree from Columbia University in 1957, Bernard Romano and his wife, Maria, moved from New York to San Francisco soon thereafter. At his wife's urging, Bernard purchased a pharmacy in the Haight-Ashbury district which they ran together as a family business for 37 years. Of his wife, Romano says, "She's not only the love of my life and a wonderful spirit, she's a formidable businesswoman."

The Romanos' daughter, Irene, followed her father's footsteps into the profession, graduating from the UCSF School of Pharmacy in 1998. For years, Romano himself served as a volunteer preceptor for fourth-year students at UCSF. "It was nice for me to mentor young, aspiring pharmacists," he says. Romano also took

Maria and Bernard Romano with their daughter Irene



professional education courses at UCSF and enjoyed the community he found there. "UCSF helped me to become a better pharmacist," he says. "I feel very fortunate for that."

Wishing to support aspiring pharmacists, the Romanos established a charitable remainder trust, funding it with real property they had owned for a number of years. The trust will pay them income for life. On termination of the trust, the proceeds will come to the School of Pharmacy to be used as directed by the then dean.

In addition to receiving an income stream from the trust, the Romanos also received a charitable income tax deduction which they were able to use to offset the capital gain on another property they sold.

By making their gift unrestricted, the Romanos allowed UCSF to use the property for whatever purpose would best suit the school's most urgent needs at that time and achieve the greatest benefit to the community overall. Given the many years that the Romanos spent working for the people of the Bay Area, this aligned perfectly with their goals.

"Dean Mary Anne Koda-Kimble [Dean of the UCSF School of Pharmacy] sent me a beautiful thank you letter," Romano says. "But in the end I want to thank UCSF. It's one hand helping the other."

In this issue of *Foresight*, we discuss some of the ways you can use real estate to make a gift and how this has worked for others like you.

Some Very Good Decisions

Moving from her beloved hilltop home in Santa Rosa was “the second best decision I have ever made,” says Carol Schaffner.

A “gorgeous” structure with 360-degree views, it had been a happy home to Schaffner for 30 years.

“But I got tired of cooking,” she laughs. And so last February she moved to a retirement community that offers communal meals, interesting people and plenty to do. Before selling her home, Carol made a gift of a fractional interest in the property to UCSF. By doing this,



Carol Schaffner

she was able to fulfill her long desire to establish an endowed chair in the Department of Psychiatry, to be known as the Carol Cochran Schaffner

Endowed Chair in Bipolar Disorders. In addition, she was able to save on capital gain taxes and received a charitable income tax deduction.

Born and raised in Oakland, Carol attended UC Berkeley. “I loved my time at Cal,” she says, where

she was active in her sorority and student government. Armed with a BA in history, she launched a teaching

career that took her throughout the world. It was on a trip to Hong Kong, taking a time-lapsed photograph, that Carol made the “first best” decision of her life.

“A man accidentally knocked over my camera,” she says. “He apologized and asked me out for a drink. I said yes.” Carol and William Schaffner were married, built their hilltop home, and tended an oil and gas business located in Ohio. The two traveled extensively until William Schaffner’s death 18 years ago.

Carol feels an urgency to pursue her charitable interests at this time in her life. “I am a very positive person,” she asserts. “I have loved the opportunities I have had. The way I see it, it’s ‘pay-back’ time.”

Caring for Family and Supporting UCSF

Captain Frederick S. Moody, Jr., a native San Franciscan and retired sea captain, lived for more than four decades in a house overlooking the Pacific Ocean in an area of San Francisco known as the Sunset. On his death in 1984, he left his cherished Sunset home as well as interests in other properties in trust for the life of his stepdaughter, Georgia, thus assuring that she would always have a home and be provided for during her lifetime.

On Georgia’s death last year, the residue of the trust passed to the University of California, San Francisco – an institution

Capt. Moody was familiar with not only because of the reputation of its nationally-ranked medical center, but also because it too was located in his Sunset neighborhood of San Francisco.

Because Capt. Moody did not put restrictions on the use of his gift, it will be used as directed by the Chancellor for the most pressing needs of the campus.

Unrestricted gifts such as Capt. Moody’s are in many ways the most important types of gifts an institution can receive



The view of the Pacific Ocean from the Moody home



because of the flexibility they provide.

Capt. Moody’s thoughtful planning, which provided lifetime support for his stepdaughter, is now providing valuable support to UCSF and its fourfold mission of research, teaching, patient care and community service.



Members of the UCSF Heritage Circle gather for a biennial tea, shown here with UCSF Chancellor J. Michael Bishop

The Heritage Circle is a special group of supporters who have made a commitment to the University's excellence by choosing to include UCSF in their estate plans.

Membership in the Heritage Circle entitles you to a number of benefits, such as:

- Invitations to special events, including a biennial tea hosted by the Chancellor
- Periodic updates on new research and clinical findings
- Opportunities to meet preeminent UCSF scientists, physicians and other faculty members

For more information on becoming a member of the Heritage Circle, please indicate your interest on the enclosed reply or contact the Office of Gift Planning by calling: 415/476-1475; or e-mail: giftplanning@support.ucsf.edu.

Use Real Estate to Fulfill Your Charitable Objectives

Many property owners who wish to make a significant gift to charity find that real estate is often a great asset to use. One of the most important benefits of using appreciated real estate to fund charitable gifts is the ability to reduce or even eliminate the capital gain tax that very often is due if the property is sold. In addition, careful planning can allow a donor to both maintain cash flow from the sale proceeds and potentially increase spendable income – all while receiving substantial tax benefits.

Some options for you to consider:

Make an outright gift.

EXAMPLE: Tom, a top-bracket federal and California taxpayer, wants to make a major gift to benefit the University's programs. One of Tom's investments is an undeveloped parcel of land that he bought a number of years ago for \$500,000. The property is now worth \$1,500,000. If Tom decides to sell the property and give the proceeds to UCSF, he will owe a 15% federal capital gain tax and a California resident state tax at the rate of at least 9.3% which, if Tom is subject to AMT, may not be deductible for federal income tax purposes. Thus, the after-tax net proceeds could be as low as \$1,135,000, and Tom's tax deduction for his charitable contribution would be limited to \$1,135,000. If instead Tom transfers the land to UCSF, neither he nor UCSF will be required to recognize taxable gain when the property is sold. Also, Tom may claim a charitable deduction based on the \$1,500,000 valuation of the property.

Give a fractional interest.

EXAMPLE: Gloria owns a rental property which she is thinking of selling. She would also like to make a gift to UCSF. Instead of selling the property and giving UCSF a portion of the after-tax proceeds, Gloria transfers a fractional interest in the property to UCSF. Gloria and UCSF as joint owners then sell

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Continued from previous page

the property. Gloria is not taxed on the portion of the gain attributable to UCSF's interest, and her tax deduction for the gift of the fractional interest is based on the value of the fractional interest on the date of the gift.

Make a gift and retain possession.

EXAMPLE: Alan, 78, has intended for some time for UCSF to receive his home eventually. His will directs that the house be given to UCSF when he dies. Presently, the home is worth \$1,000,000. Alan would like to take advantage of an income tax deduction for a charitable contribution during his lifetime in addition to the estate tax deduction his gift will provide at his death. Accordingly, Alan transfers the residence to UCSF but retains a life estate (meaning that he may continue to reside in the house rent-free for the rest of his life). As a result, Alan

will be entitled to claim an income tax deduction of over \$517,000 for the present value of UCSF's future interest in the residence.

Receive a stream of income.

Real estate may be used to fund a charitable remainder unitrust, which makes payments for life to one or more designated beneficiaries. The payments are based on the value of the trust's assets as revalued annually; and, on the termination of the trust, the remaining assets pass to UCSF. The present value of UCSF's "charitable remainder" qualifies for a current charitable income-tax deduction. When a unitrust is funded with real estate, typically the annual payments to the lifetime beneficiary are limited to the trust's net income until the property is sold, and after that the trust will "flip" to paying out the stated percentage of the trust's annual value.

A gift of real estate can be a powerful planning tool for a charitably minded person but does require careful thought.



UCSF is embarking on an ambitious plan to build an integrated hospital complex to serve children, women and cancer patients near its existing biomedical campus at Mission Bay. The new complex will bring together scientists and clinicians to translate research findings into therapies and cures. To learn more, please contact Sterrin Bird at 415/353-3860 or sterrin.bird@ucsfmedctr.org

For more information about making a gift to UCSF..

Please complete and return the enclosed reply card in the postage-paid reply envelope.

You can also call or e-mail us as follows:

OFFICE ADDRESS:

44 Montgomery Street, Suite 2200
San Francisco, CA 94104

MAILING ADDRESS:

UCSF Box 0248
San Francisco, CA
94143-0248

TEL: 415/476-1475

or toll-free 877/499-UCSF

FAX: 415/476-0601

EMAIL: giftplanning@support.ucsf.edu

WEB SITE: [http://www.ucsf.edu/
support/trustsandbequests/](http://www.ucsf.edu/support/trustsandbequests/)

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You should consult your attorney about the applicability to your own situation of the legal principles contained herein.

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FALL 2007