



# WHITMAN COLLEGE

## CLASS OF 1968 LEGACY

50th Reunion Issue

Office of Gift Planning

# CLASS OF 1968

## 50TH REUNION

### Commemorate Your Whitman Years



Your 50th reunion is an opportunity to reflect on your time at Whitman, its influence on your life and work, how the world and Whitman have changed over the last 50 years, and to celebrate those things remaining the same.

The Class of 1968 Reunion Fund commemorates your reunion and provides crucial support to the College. In addition to gifts to your class project, all planned gifts and gifts for other purposes will count toward the fundraising total your class will celebrate during your reunion in May.

We invite you to consider how to participate in your reunion fund by aligning your charitable

interests with your financial plans through a planned gift. Many alumni utilize the benefits of gift planning, from wills to gift annuities to charitable trusts. Inside, you will read how these plans can help you make a personally significant gift to Whitman and meet other financial goals. Whitman staff is available to answer any questions you may have or to discuss options in further detail with you and your advisors. Congratulations on your 50th reunion!

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Penny and Jim De Meules '67

## Retirement Account to Fund an Endowment

Penny and Jim De Meules '67 sought to support Jim's academic major at Whitman by establishing the James and Penelope De Meules Chemistry Faculty Salary Endowment. Following initial gifts to launch the endowment, Jim and Penny analyzed their assets to determine the best method to increase the value of the endowment through their estate and fully fund an endowed

chair chemistry faculty position in the future.

Jim and Penny recognized the tax advantages of designating retirement account assets to support their philanthropy and named Whitman College, after Penny, as a contingent beneficiary of Jim's rollover IRA. Unlike most other assets, retirement accounts present a special challenge

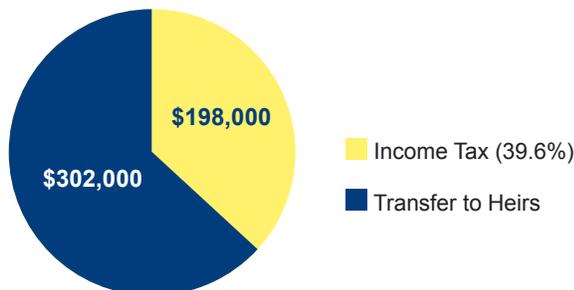
— income tax. Retirement accounts like IRAs, 401(k)s, and 403(b)s are very effective tools for saving and then providing income during retirement, but they also pose a significant tax liability for one's estate and heirs.

The IRS considers qualified retirement accounts transferred at death as Income in Respect of a Decedent (IRD) because the assets are pretax and have grown tax deferred. Upon withdrawal, even after death, a distribution will be subject to income tax unless transferred directly to a spouse. As a charitable organization, Whitman can receive retirement plan assets completely tax free, and any assets contributed to Whitman in this manner will result in a charitable deduction to help reduce any estate tax your estate might incur.

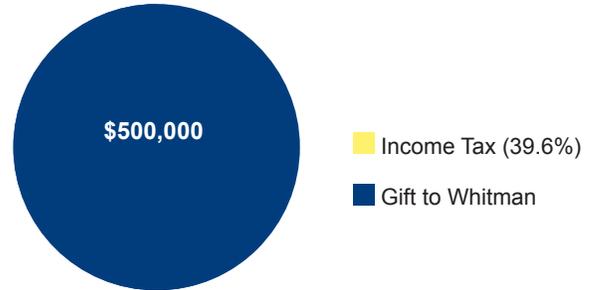
Whitman can be included as a beneficiary of your retirement account by simply updating your beneficiary designation form with the company administering your retirement account. In addition to using retirement accounts to fund bequests, you can make gifts to Whitman with provisions in your will or living trust, or by designating Whitman as a beneficiary of life insurance policies, commercial annuities, and bank CDs. Please contact the Office of Gift Planning for more information about including Whitman in your estate plans.

### COMPARISON OF IRA DISTRIBUTIONS

#### NO CHARITABLE PLAN



#### CHARITABLE BEQUEST



## *Dorsey Baker Legacy Society*

The Whitman College Dorsey Baker Legacy Society was established to recognize individuals who have named Whitman as a beneficiary of their wills, trusts, retirement accounts, and life insurance, as well as those who have established deferred gifts with the College. Planned gifts contribute significantly to endowment, scholarships, operating funds, and a variety of academic and cocurricular programs each year. This type of gift provides financial stability for the College and helps ensure Whitman is able to continue meeting the challenges of providing a well-rounded liberal arts education.

The College will recognize members of the Class of 1968 as part of the 50th reunion for contributions they intend to make to Whitman through their estate. Please complete the enclosed form, titled "Class of 1968 50th Reunion Fund Future Gift Intentions," in order to be included in your class recognition. If you have not made a provision to support Whitman, please consider joining your fellow classmates as a member of the Dorsey Baker Legacy Society.

### **Class of 1968 Dorsey Baker Legacy Society Members:**

Michael M. Garrett  
Gordon H. Keane, Jr.  
Michael Alan McClinton  
Karen Jacobson McNair  
Peter K. Nikaitani  
Marie Jensen Porterfield  
Dale W. Read, Jr.  
Bruce and Martha Marriner Voyles  
Allen and Barbara Peters Zack  
Three anonymous members



*Jane and Darrell Baggs '67*

## **A Legacy Supporting Whitman**

Darrell '67 and Jane Baggs created the Frances Jane Ford Baggs Scholarship Endowment at Whitman to honor Darrell's late mother and her steady encouragement to him to pursue a college education, an opportunity she never had.

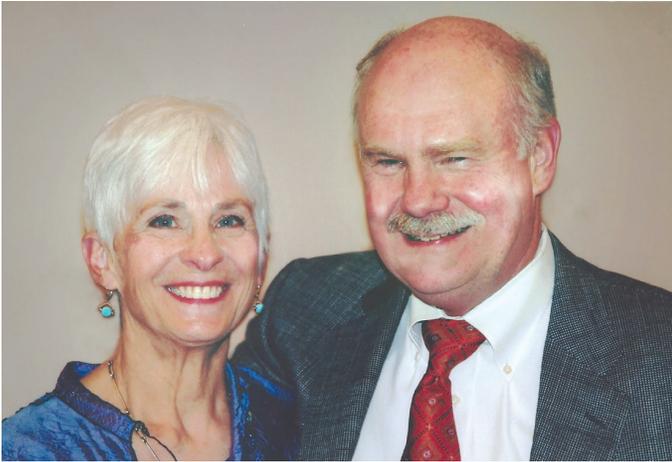
More recently, Darrell designated the Darrell W. and Katherine Jane Baggs Chair in Economics Endowment as a beneficiary of their living trust in honor of his beloved wife, Jane, whom he lost to cancer. Their endowment will provide annual funding for a professor in the economics department as well as supplies, equipment, research expenses, and professional development. Darrell discussed their aspiration for the professorship in saying, "We want to promote excellence in the study and teaching of economics and to enhance the learning experience."

Further, if the proceeds received by Whitman from their trust exceed the funding needs for an economics professor, the surplus will add to the endowed scholarship established in honor of Darrell's mother. Please contact the Office of Gift Planning to learn about how you can direct a future gift through your estate.

### **Do You Know About the IRA Charitable Rollover?**

Once you are 70 ½ years old, you can make tax-free gifts to Whitman from your IRA. You can donate up to \$100,000 each year from your IRA. It must pass directly to Whitman and then the amount of your gift will not be included in your adjusted gross income for the year, making it tax free. Additionally, any amount donated in this manner will count toward your annual RMD (required minimum distribution). Please contact us for more information about the easy steps to take for supporting your reunion with a gift from your IRA.

## Increase Your Income with Retirement Gift Annuities



Kathryn Lindquist '66 and Jim Moore '66

Jim Moore '66 and Kathryn Lindquist '66 share a profound passion for the College as well as Whitman athletics, with Jim recently concluding his service as a founding member of the W Club Board. Seeking information about solidifying their philanthropic support for Whitman and planning for a vibrant retirement, they spoke with College staff to learn more about strategies for gifts providing them with income.

With a goal of tax efficiency, Jim and Kathryn recognized the greatest benefit for them would be donating appreciated stock and mutual fund shares and then locking in a future income stream, guaranteed by Whitman. They decided to retain flexibility through retirement gift annuities, which allow them to decide each year, after an initial deferral period, if they want to start annuity payments or wait another year.

By donating stock and mutual fund shares, Jim and Kathryn avoided capital gains, converted the full market value of their investments into a guaranteed payment for life, and were able to claim a charitable deduction to decrease their income tax. Jim and Kathryn established their gift annuities several years before the commencement date for their payments, allowing their gift annuity rate to increase over time. The deferred annuities offer them the flexibility to begin receiving payments after the initial deferral period or continue deferring for additional years if the income is not yet needed.

"Establishing two retirement gift annuities was a win-win because Kathryn and I can receive payments for life and have peace of mind knowing the remainder of our annuities will go to support an institution we hold in such high regard. We support Whitman so that students will continue benefitting from experiences that meant so much to us — and still do."



Pam Erickson and Terry Pancoast '65

Terry Pancoast '65 and his wife, Pam Erickson, are loyal supporters of Whitman College. Terry, an estate planning attorney with Stoel Rives LLP, is familiar with the many aspects of charitable giving, including gift annuities. Terry has advised Whitman as a founding member of the College's Planned Giving Advisory Council since 2001. When Terry and Pam were considering options for making a significant gift to support Whitman's *Now Is the Time Campaign*, gift annuities were a natural fit.

"We believe in the importance of Whitman College and the goals of the Campaign, and wanted to support the College in a meaningful way," they said. "A deferred charitable gift annuity was very simple to establish, and provided both current benefits and future flexibility that allowed us to contribute more than we otherwise would have been comfortable with."

Establishing a flexible deferred gift annuity allowed Terry and Pam to make a generous gift now, claim a partial charitable income tax deduction of about 25% of the amount of their contribution, and defer their annuity payments to the future while they both continue to work. The flexibility of a deferred annuity permits Terry and Pam to commence the payments from the gift annuity when they find a need for additional income.

Terry and Pam chose to designate the remainder of their gift annuity as unrestricted and allow the College to use the proceeds for the greatest need in the future. As a board member for many charities and a Whitman College Overseer Emeritus, Terry recognized the value of building unrestricted resources, and this gift annuity allows him and Pam to support Whitman's long-term financial stability.

## Gift Annuities Celebrate Milestones

Charitable gift annuities are a popular type of planned giving at Whitman. The advantages of this type of gift inspired Kathy '63 and Charlie Clarke '64 to establish gift annuities in honor of their 50th reunions at Whitman. Using shares of a mutual fund, the Clarkes avoided recognizing capital gains taxes and converted the full market value of their investment into a guaranteed payment with a higher rate of income for life. Their income from the gift annuities is in excess of options from bonds or CDs. Kathy and Charlie received an initial charitable income tax deduction for establishing their gift annuities and now receive guaranteed quarterly payments from Whitman for the rest of their lives. When their gift annuity payments stop following their deaths, the College will add the remaining funds from their gifts to the 50th Reunion Scholarship Endowment.

Gift annuities provide crucial support for the College by funding scholarships, professorships, capital



*Kathy '63 and Charlie Clarke '64*

projects, and myriad other priorities at Whitman. Their popularity is driven primarily by the simplicity of establishing a gift annuity and the safety of a fixed, guaranteed payment. Gift annuity payout rates are based on the annuitant's age and are established with simple contracts between donors and the College. They may be funded with gifts of cash, stocks, mutual funds, bonds, and other marketable securities.

Please contact the Whitman College Office of Gift Planning to receive more information or a custom illustration of a gift annuity.

RETIREMENT GIFT ANNUITY				CURRENT GIFT ANNUITY		
Annuity Rate	Effective After-Tax Rate*	Deductible Percentage of Gift	Age(s)	Annuity Rate	Effective After-Tax Rate*	Deductible Percentage of Gift
6.1%	8.5%	44%	71	5.3%	7.4%	36%
6.2%	8.6%	46%	72	5.4%	7.5%	38%
6.5%	9.1%	47%	73	5.5%	7.7%	39%
5.2%	7.0%	31%	69 and 71	4.6%	6.2%	25%
5.3%	7.2%	33%	71 and 71	4.7%	6.4%	27%
5.4%	7.4%	35%	71 and 73	4.7%	6.4%	29%
5.6%	7.7%	36%	73 and 73	4.8%	6.6%	31%

\*Assumes 2-year deferral period and 25% effective income tax rate.

\*Assumes 25% effective income tax rate.



Paul '51 and Nancy McKay Burton '53 (center) with their family

## A Charitable Trust for Family Support

Paul '51 and Nancy McKay Burton '53 have been active supporters of the College. Two of their children, Bob Burton '84 and Jean Burton Over '82, graduated from Whitman as well. Paul and Nancy wanted to make a gift to Whitman and were concerned about taking assets away from their family. After some consideration, they selected a Charitable Remainder Unitrust as the method to make a generous gift to the College while also supporting their family.

Paul and Nancy created a unitrust operating for a period of 15 years. The unitrust pays a fixed percentage of the value of the trust, as valued annually, to their four children in equal shares.

“When we first considered a unitrust, it seemed unwise to give away assets we wanted to leave to our children upon death. As we learned more about unitrusts, it became apparent we could accomplish our goal of transferring funds to our children and make a substantial gift to Whitman as well. The unitrust provides our children quarterly payments during the years they are raising their families.

“Because our children are self-sufficient, they can use the trust payments to enrich their families’ lives or for unexpected expenses. Unlike inheritances, they don’t have to wait until our deaths to receive these funds. Further, as death taxes would have reduced their inheritance by a substantial amount, they actually receive more and collect it sooner.”

— Paul and Nancy Burton

The Burtons used highly appreciated stock to fund the trust and were able to avoid the capital gains tax liability that would have been due had they sold the stock themselves. Once the stocks were transferred to the trust, the trust then sold the stocks tax free, and reinvested the proceeds into a well-diversified portfolio of stocks and bonds. Paul and Nancy also received a charitable income tax deduction as a result of the unitrust’s charitable status.

Whitman College serves as the trustee for the Burtons and is responsible for the administration and asset management of the unitrust. With long-term investment expectations for the unitrust of a little more than 8 percent and the unitrust distributing a lower fixed percentage of the trust value, it is anticipated that the payments to the four children will increase over time to help keep pace with inflation.

“Being a beneficiary of the Whitman unitrust has been a powerful experience. The trust allows my parents to transfer a moderate sum of money each year, which we can earmark for special projects. Our family has used this for life-enriching family experiences which would be a struggle to afford otherwise. Experiences such as skiing with my extended family, premier soccer for our two younger sons, and music lessons for all three sons.

“In the future, these funds will be used to pay for part of our sons’ college expenses. We feel a responsibility to use the money wisely, and in a way that is keeping with our family’s values of thrift, hard work, family ties, and developing the whole individual.”

— Jean Burton Over

Over 15 years, the trust is expected to distribute more income to the children than the amount of the assets originally placed in the unitrust. The children are benefiting by receiving an enhanced income, and there is no concern about assets intended for the children being depleted by estate tax. After the 15-year period, the unitrust will terminate, and the assets remaining in the trust will pass to the College.

With thoughtful planning, the Burtons were able to accomplish both of their goals — support of their family and Whitman College. Charitable remainder trusts offer many options, including lifetime income for donors. Please contact the Office of Gift Planning for more information and to receive a custom illustration of possible options.

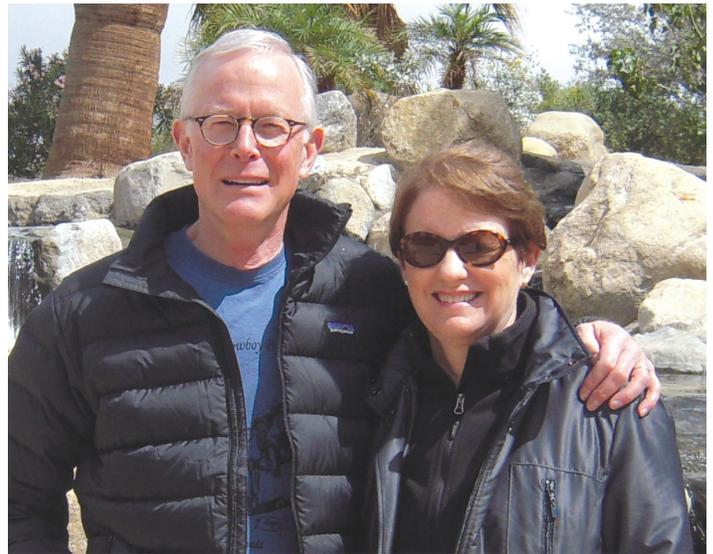
## Supporting Children with Your Retirement Account

For John and Joan Speir Valaas '66, establishing a scholarship endowment at Whitman to support future generations of students is a fitting way to celebrate their family's relationship with the College. With two children, five siblings, and several nieces and nephews among family members who attended Whitman, the Speir and Valaas families have deep connections with the College. The Joan and John Valaas Scholarship Endowment will serve as a reflection of their commitment to help make Whitman accessible for future generations of students.

Now fully retired from careers in banking and teaching, John and Joan found that the best strategy for funding their scholarship is using a portion of their retirement account. And, to ensure they balance support for their children and Whitman, John and Joan will initially create a charitable trust with their retirement account. This trust will make reliable payments to their children before passing to Whitman and fully funding the Joan and John Valaas Scholarship.

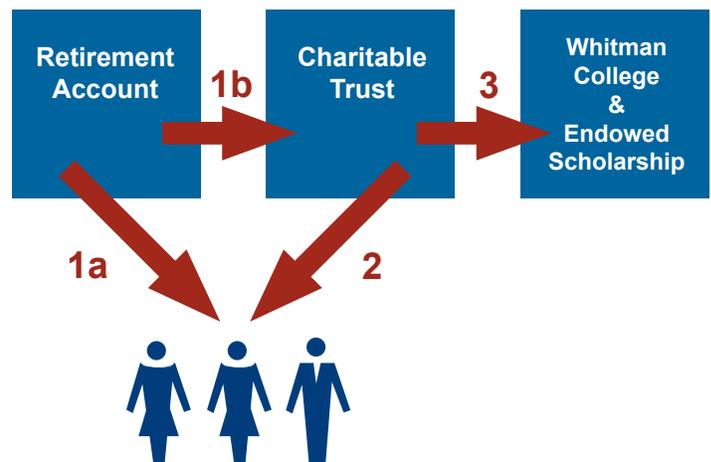
John and Joan consulted with their advisor and discussed options with Whitman's gift planning office, eventually implementing a plan in which a charitable trust is created after their passing with a portion of their retirement account. Importantly, proceeds passing from their retirement account to the charitable trust will not be subject to immediate income tax, commonly known as income in respect of a decedent (IRD). Four objectives are served by their plan:

- ❖ **Flexibility.** John and Joan have full access to their retirement account during their lives and can adjust their plan, if necessary.
- ❖ **Stable Support for Children.** Proceeds from their retirement account will be professionally managed within the charitable trust and benefit their children.
- ❖ **Positive Tax Outcome.** Contributions to the charitable trust will not be subject to immediate income tax and their plan reduces possible estate tax.
- ❖ **Philanthropy.** The charitable trust will fully fund a scholarship endowment supporting deserving Whitman students.



John '66 and Joan Speir Valaas '66

Retirement account donations are often the most advantageous method for supporting charities, like Whitman. The income tax normally due as a result of withdrawals from a retirement account can be avoided by properly structuring charitable gifts directly from your retirement account. Please contact Whitman's gift planning office to learn more about options for balancing support for your loved ones and Whitman.



- 1a.** A portion of their retirement account passes directly to their children. Their children owe income tax as a result of the transfer and then control the proceeds.
- 1b.** A portion of their retirement account passes directly to their charitable trust. No income tax is due upon transfer. Whitman serves as trustee.
- 2.** The charitable trust invests the proceeds and distributes quarterly payments to their children for their lives.
- 3.** After their children's lives, the trust ends and the proceeds transfer to Whitman to fund the scholarship.



Bob Johnson '65 and Linda Klein

## Advantages of Donating Real Estate

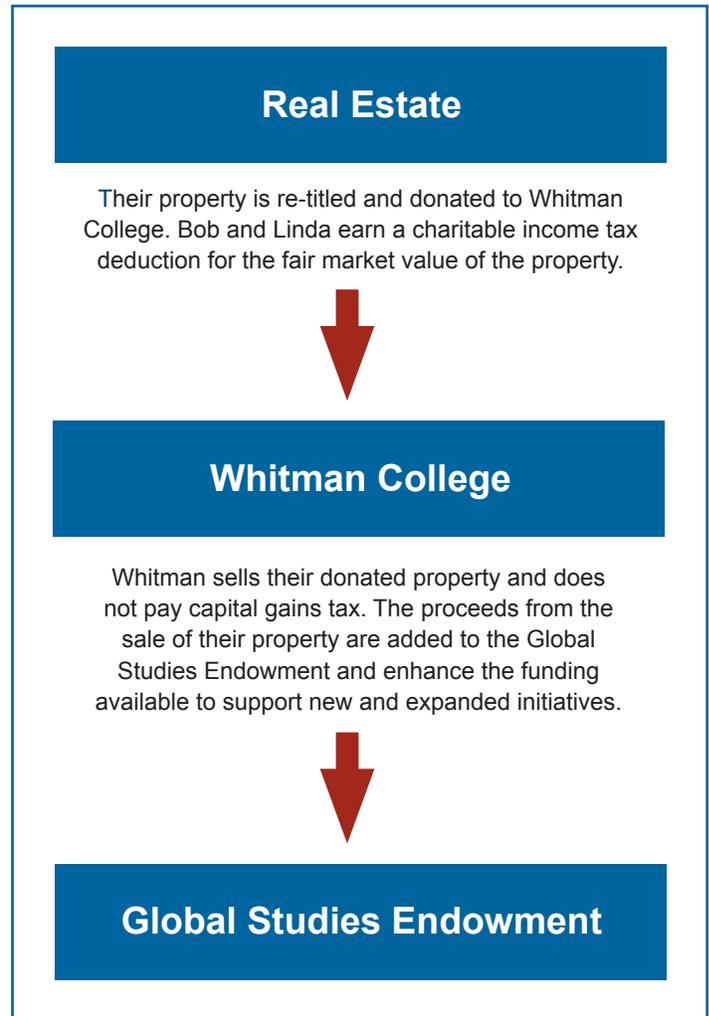
Bob Johnson '65 and his wife, Linda Klein, care deeply about Whitman College and aspire to enrich the campus with global perspectives and themes. When considering the disposition of investment property, they realized donating a rental house would be ideal for supporting Global Studies at Whitman. Bob noted, "We feel strongly that Whitman, with its liberal arts focus, is ideally suited to help bring the world together in cooperation rather than in continual warfare. We donated the property directly in order to avoid capital gains taxes. The world needs more diplomats like Ryan Crocker '71, to build a sustainable world."

Donating their property to Whitman enabled Bob and Linda to save their cash and other liquid investments while also providing significant new funding to enhance and broaden the Global Studies Program at the College. Whitman sold their property without capital gains tax that would have been due had Bob and Linda sold the property directly. Bob and Linda directed the proceeds from the sale of their rental house to the Global Studies Endowment to increase funding for new initiatives. As an added bonus,

Bob and Linda were able to claim a charitable income tax deduction for the current market value of their property.

There are many ways to make a gift of real estate, such as giving it through your will or trust, or establishing a charitable remainder trust. In some situations, the College may continue to use donated real estate. For example, 15 farms donated to the College are still producing valuable crops and returning income to Whitman. Many of the locally donated homes are used by faculty or as special interest houses.

For more information on ways to donate real estate to Whitman College, please contact the Office of Gift Planning.



### For More Information About Gift Planning and Your Reunion:

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