Like many of Stanford’s alumni and friends, M. Carné Linder, ’40, wants to support her alma mater. The former owner of her own travel business has spent her retirement volunteering for the university, attending Stanford football and basketball games, and organizing trips for her classmates. She was interested in supporting Stanford financially, as well.

“I want to do what I can for Stanford,” Carné says. It was a conversation with her classmate Lyle Cook, ’40, then working in Stanford’s Office of Development, that convinced her she could provide significant monetary support to the university and also support herself. He asked if she had considered making a life income gift. Carné responded, “No, what’s that?”

She learned that life income gifts provide donors or their loved ones with regular income during their lifetimes, after which the remaining gift is used by the university. These types of gifts can help donors realize significant tax savings as well. When included in long-range financial plans, life income gifts enable donors to support Stanford in ways they might not have imagined possible. There are several types of life income gifts from which to choose.
Since her conversation with Lyle Cook, Carné has established four charitable gift annuities—one type of life income gift—at Stanford. She made her gifts using highly appreciated stock, which resulted in capital gains tax savings as well as significant tax deductions. These gift annuities pay her a quarterly income for the rest of her life, more than she would have received from the stock dividends, and will eventually support undergraduate education at Stanford.

“The money is going to a great cause,” Carné says. “And, the income I’m getting is certainly a great satisfaction. I’m so grateful that Lyle Cook told me about this, and I’m sure there are a lot of other people who don’t know about it, but who should.”

**Making It Simple**

Life income gifts suit the needs of many donors. The simplest type of life income gift is the charitable gift annuity (or “gift annuity”). A gift annuity is a contract between the donor and Stanford. In exchange for making a gift to Stanford, the university promises to pay the donor and/or other beneficiaries a fixed amount each year, based on their ages and the size of the gift, for the rest of their lives.

Charles “Bud” Eldon, ‘48, M.B.A. ’50, has been a volunteer fundraiser for Stanford since 1957 (he received the Gold Spike Award for volunteer service in 1972), and he and his wife, Betty, ’48, have set up three gift annuities at the university. The couple established one gift annuity using appreciated securities, which Bud says is a good way to minimize capital gains taxes on the sale of the stock. “If you have appreciated stock and you’re going to give it away anyway, then this is a way of getting a good income without any tax penalties,” Bud says.

The Eldons also noted that, with the low interest rates over the past several years, they received a better return on their cash through two additional gift annuities than they would have earned had they left it in the bank. “When interest rates are going lower, giving cash is a better alternative because you get a much better return,” Bud says.

While the Eldons benefit from their gift annuities, they wouldn’t have made them if they hadn’t also wanted to support Stanford—the place where they met, where their son and grandson earned their degrees, and where another grandson currently attends. Bud also credits his Stanford education with leading to his successful career at Hewlett-Packard.

Gift annuities can be an excellent source of dependable cash flow during retirement. But for younger donors, gift annuities may not make sound financial sense. However, deferred gift annuities can be a good way to make a gift to Stanford today while ensuring a steady source of retirement funds in the future. By deferring income payments, younger donors can earn a better annuity rate than if they received the payments immediately.

“We are committed to supporting Stanford anyway, and there happened to be a way to consider these alternatives—just sitting on the money wasn’t a very attractive alternative. This way, we can give a better benefit to Stanford.”

– Bud & Betty Eldon

Charles “Bud” Eldon was an electronic technician in the U.S. Navy during World War II. He was drafted into service after his freshman year at Stanford and returned to earn his degree after the war.

Bud and Betty Eldon today
RECENT ESTATE GIFTS

A sampling of recent estate gifts to Stanford is described below.

DAVID V. BELL, ’59, designated the remainder of certain charitable trusts and also provided for a bequest to the university through his living trust. These generous gifts created the Danily C. and Laura Louise Bell Professorship in the Humanities. The Danily and Laura Louise Bell Scholarship Fund for undergraduate financial aid, and the Bell Family Stanford University Fund providing fellowships for graduate students in the School of Humanities and Sciences, with a preference for those in the history department.

DONN CARLSMITH, ’50, designated Stanford as the beneficiary of a portion of his retirement plan to be added to the C. Wendell and Edith M. Carlsmith Professorship in the School of Law.

CAROL P. GUVER, ’51, made a specific bequest of $25,000 to support public service programs at the university.

DORIS MCNAMARA, friend and longtime volunteer for Stanford’s art department slide library, left gifts totaling over $1.1 million through her living trust. The gifts will be used partly to endow the James and Doris McNamara Fund, which will provide scholarships for undergraduates majoring in art, and partly for addition to the Doris McNamara Endowed Fund for Women in the Graduate School of Business. The latter fund provides professionally facilitated counseling, guidance, and support for women students.

ELIZABETH SARGENT NOEL, wife of the late Francis W. Noel, EDD ’54, left combined gifts totaling $537,164 through her interest in Stanford’s Pooled Income Fund, as well as a portion of the residue of her estate through her living trust. The gifts will be used partly to endow the B.F. Haley and E.S. Shaw Fund, holds a special place in the Gurleys’ hearts, as it recognizes two Stanford professors who played important roles in their lives.”

“We wanted to honor Haley and Shaw,” Yvette says, “because they were not only our mentors but ones who helped us tremendously in our careers—and to honor them in a way that would continue their own early contributions to the economics department.”

“It is nice to do such things while you’re still alive—you can see some of the results,” John says. He and Yvette have already received thank-you notes from those supported by their funds. He also observed, “It’s good to get these affairs in order, for then you don’t have to keep thinking about these matters—the whole thing is done.”

John, who was a Stanford professor from 1961 to 1990, applied to Stanford in 1938 but was denied. He finally was accepted as a junior transfer on a tennis scholarship. “Once I induced Stanford to focus less on my grades and more on my forehand, it was easy,” he says.

John’s association with Stanford goes back to 1940 and Yvette’s to 1946. They both have a great appreciation of Stanford. “We have both been part of Stanford for a very long time,” John says. “We are lucky to be in a position to be able to match our appreciation with some gifts—and then get the gifts themselves matched!”

MARY V. SUNSERI, A.M. ’40, much-loved mathematics professor at Stanford, left a specific gift of $1,000 to the mathematics and computer science library. She also gifted a residue of her trust estate, totaling over $250,000, to the Mary V. Sunseri Fellowship Fund for the support of graduate students in mathematics, and to the Leo F. Sunseri Men’s Basketball Scholarship Fund in the Department of Athletics.

NANCY BELCHER WATSON, ’47, gave 10 per cent of the residue of her charitable remainder unitrust, which totaled over $28,000, to support the humanities at Stanford.

BERNICE ZAK, and her late husband Gerald Zak, friends of the university, left the residue of their estate, over $250,000, to the Stanford University School of Medicine in honor of Philip E. Oyer, M.D.
**REMEMBER STANFORD**

**GOOD COUNSEL**

**BY STEPHEN W. PLAYER, ’63, ASSOCIATE DIRECTOR OF PLANNED GIVING**

During this era of low interest rates and uncertain performance in the stock market, the charitable gift annuity has become a favored vehicle for life income gifts among many estate and financial planners advising our donors. In this second edition of *Remember Stanford*, we have set forth some of the general principles applicable to this charitable vehicle. I hope you take the time to review some of the advantages that a charitable gift annuity may provide to you.

Annuities date back to medieval times and possibly even to the Roman Empire. The first modern gift annuity in the United States was issued by the American Bible Society in 1843 in exchange for a contribution of $500. The charitable gift annuity has become a bit more sophisticated since then, but the basic principle is the same: You make a gift to a charitable institution in return for a stream of annual payments for life. In effect, the charity enters into a contract with a donor to pay a fixed amount annually, typically over the lifetime of the donor and/or the donor’s spouse. After the death of the surviving annuitant, the remaining principal is distributed to the charity.

In 1927, nonprofit institutions created The American Council on Gift Annuities (ACGA) to recommend rates for charitable gift annuities determined on an actuarial basis. The chief goals were to balance a reasonable gift for charities with a reasonable return for donors. Stanford currently uses the ACGA recommended rates as the basis for its own gift annuity rates (see page 7 for Stanford’s current rates).

Although a charitable gift annuity may be an appropriate way for you to diversify your holdings and to improve your cash flow, creating a charitable gift annuity is, in fact, a philanthropic act. Once established, a gift annuity cannot be revoked, so we recommend that you have sufficient other assets to provide for yourself and your family before creating one. Once you set up the gift annuity, you will likely increase your cash flow while providing future support for Stanford.

For example, if you are single and age 75, the annuity rate would be 7.1 percent, so a $100,000 gift would result in an annuity of $7,100 per year for your life. In addition, you would be entitled to claim an income tax deduction of around $44,000. You would also be able to designate how you wish Stanford to use the proceeds of your annuity when it matures. At Stanford, the minimum amount to create a charitable gift annuity is $20,000.

We hope that after reviewing this newsletter, you will consider whether a gift annuity is appropriate for you. We stand ready in the Office of Planned Giving to be of assistance to you at any time to answer questions or review any issues you might have. We hope you will come by and see us or give us a call (see page 7 for staff contact information).

All the best.

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**ASK THE STANFORD MANAGEMENT COMPANY**

The Stanford Management Company (SMC) oversees Stanford’s endowment as well as its charitable trusts and annuities. SMC’s manager of client services, Josh Richter, is available to answer the questions of donors who have established a Stanford gift annuity. Here he responds to some common questions about the Stanford Management Company.

**RS:** What is the SMC and what does it do?  
**JR:** SMC was established in 1991 to manage Stanford’s financial and non-campus real estate assets. SMC is a division of the university with oversight by a board of directors appointed by the university’s Board of Trustees. Within SMC, the Trust Management Group is responsible for the asset allocation, investment strategy, and administration of Stanford’s charitable remainder trusts, pooled income funds, and gift annuities. This group is, in essence, the equivalent of a small trust company.

**RS:** How does SMC manage charitable gift annuities?  
**JR:** SMC invests a substantial portion of Stanford’s charitable gift annuity assets in a large reserve invested in our Capital Appreciation Portfolio. This portfolio consists of 85 percent equities and 15 percent fixed income assets and is invested with top-tier investment managers who also invest the Stanford endowment. SMC is committed to a long-term investment strategy and holds a diversified mix of investments across many asset classes, including domestic equities, international developed equities, emerging markets equities, real estate investment trusts (REITs), and fixed income securities.
THE FABULOUS CLASS OF ’51
CELEBRATING THE PAST—
PLANNING FOR THE FUTURE

Kathy Moore Cusick, ’51, recalls her class’s first reunion, planned on her dining room table by her husband, Joe, ’51, and a classmate.

“Stanford didn’t do much more than give you a lift!” she says of reunions then. Joe’s service to Stanford earned him the Gold Spike Award in 1973, and although Stanford now hosts an expansive annual Reunion Homecoming Weekend, the Cusicks are still finding ways to support their school and their class.

A few years ago, Joe and Kathy decided they wanted to recognize the milestone of their 50th reunion with a significant gift. Their gift would not only honor their longtime relationship with the university, but it would also join the gifts of their classmates to reach a challenging reunion campaign goal. They took advantage of the opportunity by making their gift a charitable gift annuity, turning it into a gift for themselves, as well.

“For us, it was a very significant gift, and it was nice to be able to derive some income from it,” Joe says. “It was as if we were investing our money, not only with a benefit to us, but also with a benefit to the university.”

Reunion years are special times to make gifts to Stanford, and life income gifts like charitable gift annuities are good ways to recognize the past while planning for the future.

Joe, who served as the co-chair of his class’s campaign, encouraged his classmates to consider gift annuities as a way to provide substantial support for the university. “That was one of the opportunities that I tried to hype up a bit,” he says. “It’s a good vehicle to make a significant gift. Sometimes it surprises me that more people don’t take advantage of it.”

Classmate Addison Appleby agreed—he and his wife, Mary, chose to make a five-year pledge to Stanford in honor of the reunion and to make payments on the pledge with gift annuities.

“Mary and I have always been proud to have Stanford in our background and wanted to use the 50th reunion as an opportunity to express our love of the school,” Addison says. “I would encourage anyone to investigate the benefits of Stanford’s gift annuity program. I believe they will find it is a win-win situation for both the donor and Stanford.”

Fifty-three years may seem like a long time, but the Class of 1951 remains close to Stanford.

“It’s the people in our class who strengthen those ties,” Kathy says. “Some classmates you only see at reunion, but you pick up where you left off.”

Reunion Homecoming 2004 is October 21 through 24.

RS: How does SMC make payments to beneficiaries of charitable gift annuities?
JR: A gift annuity is a simple contract by which Stanford promises to pay a fixed amount to the beneficiary each year. Thus, all annual payment amounts are known at the time of the gift and do not change from year to year. SMC makes quarterly payments to the beneficiary either by check or directly to the beneficiaries’ bank accounts.

RS: Does SMC provide beneficiaries with information to include on income tax returns?
JR: A significant portion of payments to annuity beneficiaries can be taxable income. Each January, Stanford will mail to the beneficiary an Internal Revenue Service Form 1099, which will report the tax breakdown of that year’s annuity payments. The tax character of annuity payments is determined by a number of factors and varies from contract to contract. A typical annuity payment may be taxed partly as ordinary income, long-term capital gain, and tax-free return of principal.

RS: What do beneficiaries do if they have questions or problems with their payments or other aspects of their gift annuity?
JR: SMC has a dedicated Client Service department committed to helping our donors and beneficiaries with all aspects of their gift annuities. Our donor hotline is answered at all times during the business day. SMC manages over 155 gift annuities, which gives us the experience and the knowledge to answer all your questions regarding the investment strategy, payment information, or tax detail of your gift annuity.
Not only did he attend nearly every home game during his undergraduate career, but he helped other fans get to the games themselves, parking cars outside the stadium to earn money for his tuition. After years of alternating terms of full-time study with terms of full-time work, Allan Spalding graduated with his heroes, the Vow Boys of the Class of 1935—members of the 1932 freshman football team who kept their vow of never losing to USC.

But graduating didn’t keep Allan from supporting his team from the stands.

“He loved going to the football games,” says Allan’s son, Craig Spalding. “He sat in front of Jim Plunkett [Stanford’s star quarterback, ’71, who won the Heisman Trophy and two Super Bowl titles] for years in the press box.”

Here’s how it works:

1. You transfer cash or securities to Stanford.
2. You receive an income tax deduction, and you may save capital gains taxes, depending on the type of asset transferred. Stanford pays a fixed amount each year for life to you, your spouse/partner, or to anyone else you name as an annuitant. The fixed payment is based on a rate set according to the age of the annuitant at the time the annuity is established (see table, page 7). For example, if a 65-year-old donor establishes a single life Stanford gift annuity for herself with a gift of $20,000, her annual payment would be $1,200 (6.0 percent of $20,000).

   Typically, a portion of the annuity payments is tax-free.

3. When the annuitant(s) die, the gift annuity ends, and its remaining principal is then available to Stanford to be used in the manner you designate (e.g., student financial aid, a particular school or field of interest, or unrestricted to support the university’s most critical needs).

Some additional points:

- A charitable gift annuity can be created for either one or two annuitants. Stanford’s current annuity rates for single annuitants are shown in the table on page 7 and are based on the annuitant’s age (to closest birthday) at the date the annuity is created. If you are interested in creating a gift annuity for two lives, please contact Stanford’s Office of Planned Giving to request the current rates.

- You may want to consider setting up a charitable gift annuity that defers payments to you to a later date. The annuity rate Stanford pays will be higher, often by a very significant amount. For instance, if a 55-year-old establishes a Stanford gift annuity now and is willing to defer the first payment to age 65, the annuity rate increases from 5.5 percent to 9.7 percent. This can be an attractive means for you to realize a tax benefit now while providing for significant lifetime income at a future time, such as retirement.

- Contact the Office of Planned Giving for more information: phone toll-free at (800) 227-8977, ext. 54358, or e-mail us at planned.giving@stanford.edu.
Allan made a vow of his own to Stanford, setting up three charitable gift annuities to benefit himself and his wife, Marybelle, as well as two other life income gifts to benefit Craig’s family. He chose to designate his gifts to provide financial aid to Stanford’s student-athletes and to support the work of the Stanford doctors who assisted him with his pacemaker. After receiving years of income from his gift annuities, Allan died in August 2003. But his presence lives on at Stanford, as a new generation of players are able to attend Stanford through Allan’s generosity. His gifts to support heart disease research reach beyond the campus and around the world.

Do you have a favorite memory, an amusing or touching story, or a photo of yourself from your Stanford days? Remember Stanford would love to know about it and have the opportunity to share it with our readers. You are invited to send your stories and digital photos to us through e-mail to Becky Smith at beckysmi@stanford.edu. You may also send them through regular mail to Remember Stanford, Office of Planned Giving, Frances C. Arrillaga Alumni Center, 326 Galvez Street, Stanford, CA 94305. We will make every effort to return photos.

**STANFORD CHARITABLE GIFT ANNUITY RATES (as of October 2004)**

**Single Life Annuity**

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**STANFORD'S OFFICE OF PLANNED GIVING STAFF**

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Three Types of Income Tax Deductions for Education Expenses:

• Interest on your own student loans is deductible up to $2,500 per year (reduced for incomes exceeding $50,000 or $100,000 if married filing jointly).

• Tuition and related expenses for yourself, your spouse, or a dependent at any accredited post-secondary institution are deductible up to $4,000 if your 2004 adjusted gross income is $65,000 or less ($130,000 if married filing jointly) or up to $2,000 if your income is $80,000 or less ($160,000 if married filing jointly).

• You may be able to deduct your own education expenses as a business expense if such training is required in your trade or business or is imposed as a requirement by your employer or by law or regulation.

Please consult with your tax advisor before claiming these deductions.

Need Information from a Past Tax Return?
Get a free transcript of your federal return by phone (1-800-829-1040) or by mail (use IRS Form 4506T). Though not a duplicate of the return, the transcript shows most line items as well as accompanying forms and schedules. Allow two weeks for delivery.

Social Security Taxes
The maximum amount of wages subject to the social security tax of 6.2 percent this year is $87,900, while all wages are subject to the 1.45 percent Medicare tax.

The Founding Grant Society held its annual luncheon April 29, 2004, in Stanford’s Frances C. Arrellaga Alumni Center. Founding Grant Society Chair Doug Brown, ’59, M.B.A. ’61, welcomed the gathering of more than 200, introduced new members to the society, and reported on its activities over the past year. He then introduced Coit Blacker, director of the Stanford Institute for International Studies and the Olivier Nomellini Family University Fellow in Undergraduate Education, who spoke about presidential politics and U.S. foreign policy.

Campus Archaeologist Laura Jones rounded out the event with a discussion of archaeological discoveries at the site of the Stanford family’s mansion, which was razed following the 1906 earthquake.

Plans are under way for next year’s luncheon and other events. The Founding Grant Society recognizes and honors those individuals whose estate gifts will provide future support for Stanford University, including its medical center and the Hoover Institution. For more information about the Founding Grant Society and its events, contact the Office of Planned Giving by phone at (800) 227-8977, ext. 5-4358, or by e-mail at planned.giving@stanford.edu. If you think you qualify for membership and would like to join, please complete the attached application and return it to us.

The Founding Grant Society seal is taken from the cover of the Founding Grant. The letters L, S, J, and U are intertwined in an elaborate monogram.