

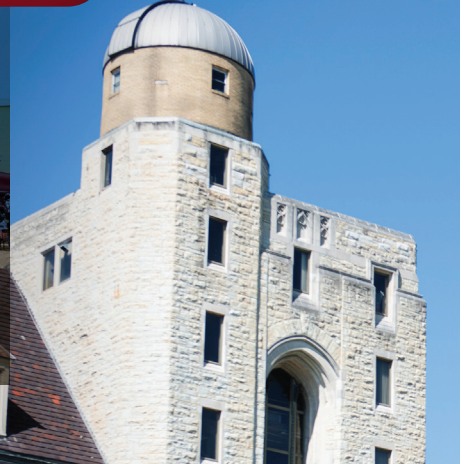


NORTHERN ILLINOIS UNIVERSITY FOUNDATION



GUIDE TO SMART GIVING

PLANNED GIVING STRATEGY GUIDE





INVEST IN OPPORTUNITY

Huskies. Never. Quit.

Those three words capture the drive and relentless spirit that define the Huskie family. Across campus and around the globe, Huskies are changing the world through their energy, hard work, and gifts to others.

Making a gift in your long-term plans to the Northern Illinois University Foundation is a perfect way for anyone who loves NIU—alumni, parents, grandparents, faculty and friends—to create a lasting legacy and further the university's positive impact on students, our communities, and the world we share.

These gifts come in many forms, such as a gift in your will or retirement plan, many of which won't affect your current financial resources but will have a significant impact at NIU.

Whether you would like to put your donation to work today or benefit us after your lifetime, you can find a giving plan that lets you provide for your family and support NIU. We can help you explore options.

When you reach out to the NIU Foundation Planned Giving Office, you will find that we are creative, knowledgeable problem solvers who are happy to be a resource for the Huskie family.

In the pages that follow, you will find illustrations of many creative financial tools that will help you reach your personal and philanthropic goals.

For more information contact the NIU Foundation Office of Planned Giving at plannedgiving@niu.edu or call **815-753-7339**.

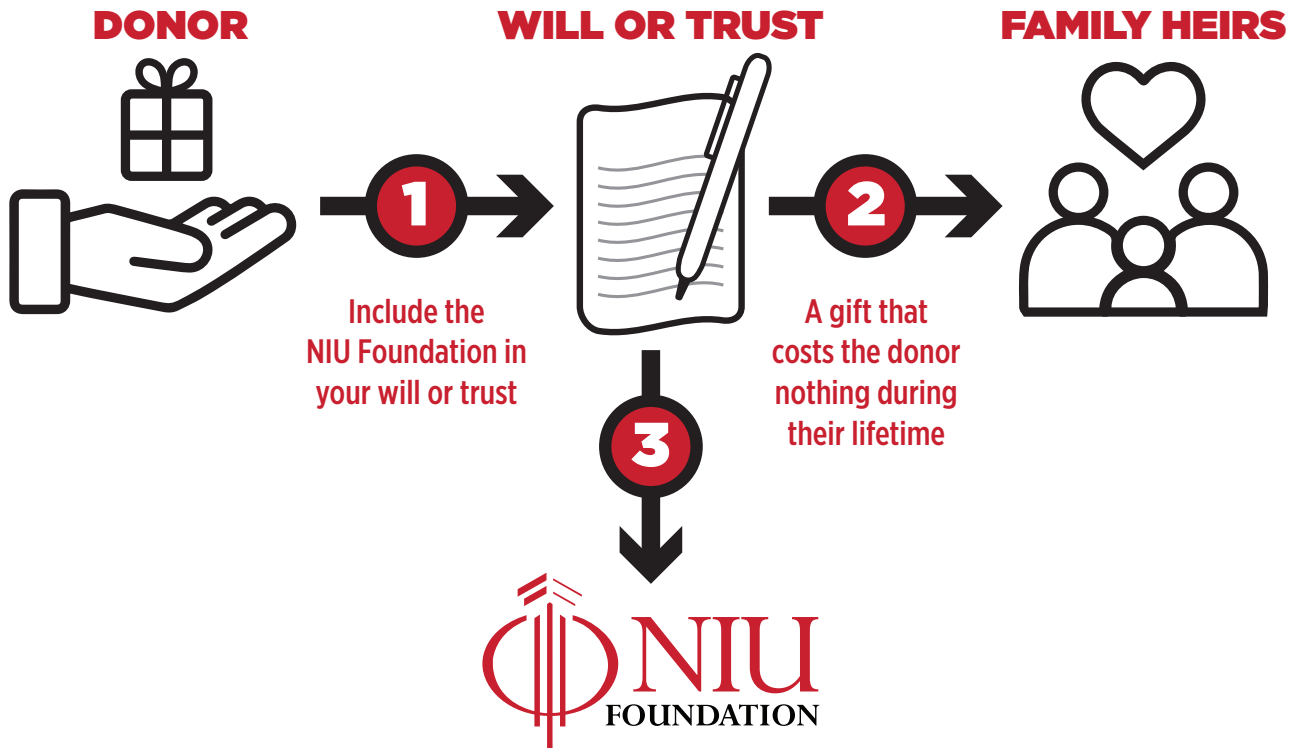


GIFTS ANYONE CAN MAKE





BEQUEST FROM A WILL OR LIVING TRUST



GIFT CATEGORY: Gifts Anyone Can Make

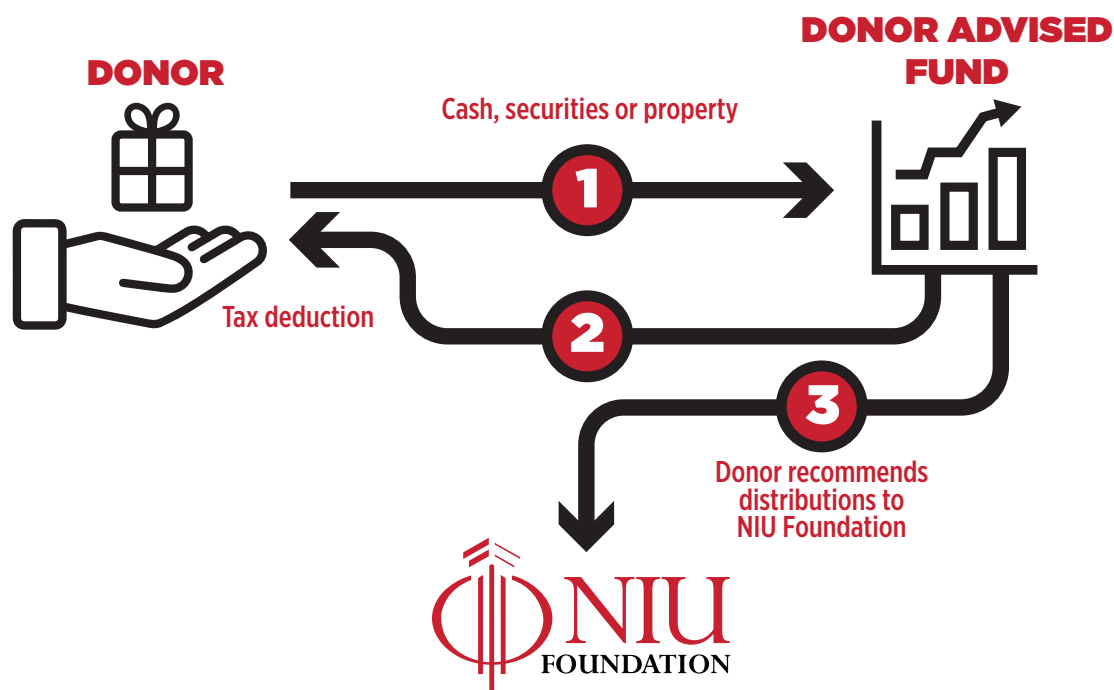
SUMMARY:

- You may gift NIU Foundation a specific dollar amount, a specific asset, or a percentage of your net estate value.
- You may change the dollar amount, specific asset, or the percentage of net estate value designated to the NIU Foundation for any reason and at any time.

BENEFITS:

- Reduces estate tax liability.
- Revocable nature of bequests allows donors flexibility to change their gift as other life events arise.
- Costs nothing to a donor during their lifetime.

DONOR ADVISED FUNDS



GIFT CATEGORY: Gifts Anyone Can Make

SUMMARY:

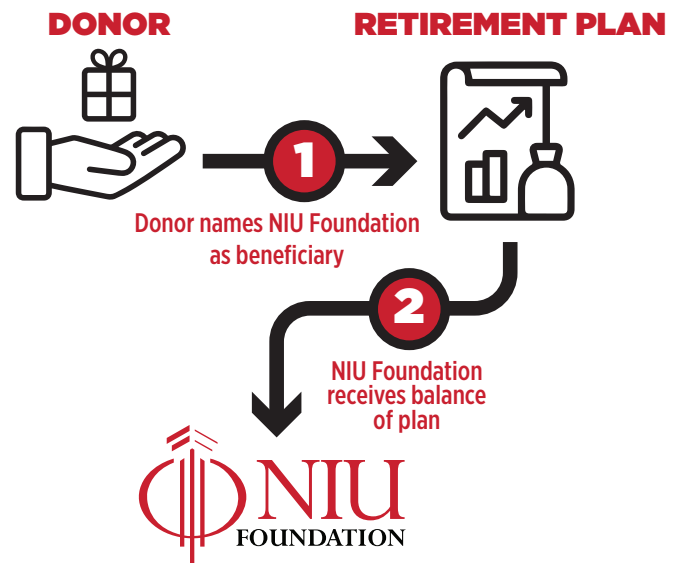
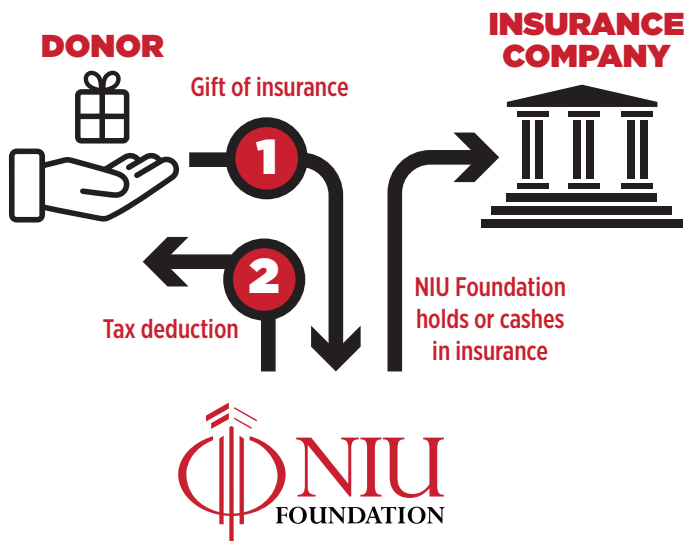
- You advise on how the proceeds from the fund are to be used.
- You may create Donor Advised Funds with community foundations, the National Philanthropic Trust, or with the charitable arm of a brokerage firm such as Fidelity.
- You may make charitable gifts to the fund at any time during their lifetime.
- Upon death, a donor has three options:
 - Designate a successor — child, grandchild, friend, trusted advisor — to make future distributions.
**Not all fund administrators allow for this.*
 - Allow the remaining funds to go to the sponsoring charity (i.e. the community foundation, national philanthropic trust, etc.) and be used according to its mission.
 - Designate the NIU Foundation (and/or other qualified 501(c)(3) organizations) to receive the remainder from the fund.

BENEFITS:

- Immediate tax deduction with flexibility to make grants at a later date.
- You maintain the ability to change the beneficiary (or beneficiaries).
- You may allow successors to change the beneficiaries.
- You can make grants to charities during the lifetime of the fund.



BENEFICIARY DESIGNATION



GIFT CATEGORY: Gift Anyone Can Make

SUMMARY:

Beneficiary designation is naming a person the beneficiary of a retirement account, life insurance policy, or other asset directly on the beneficiary declaration page of the asset.

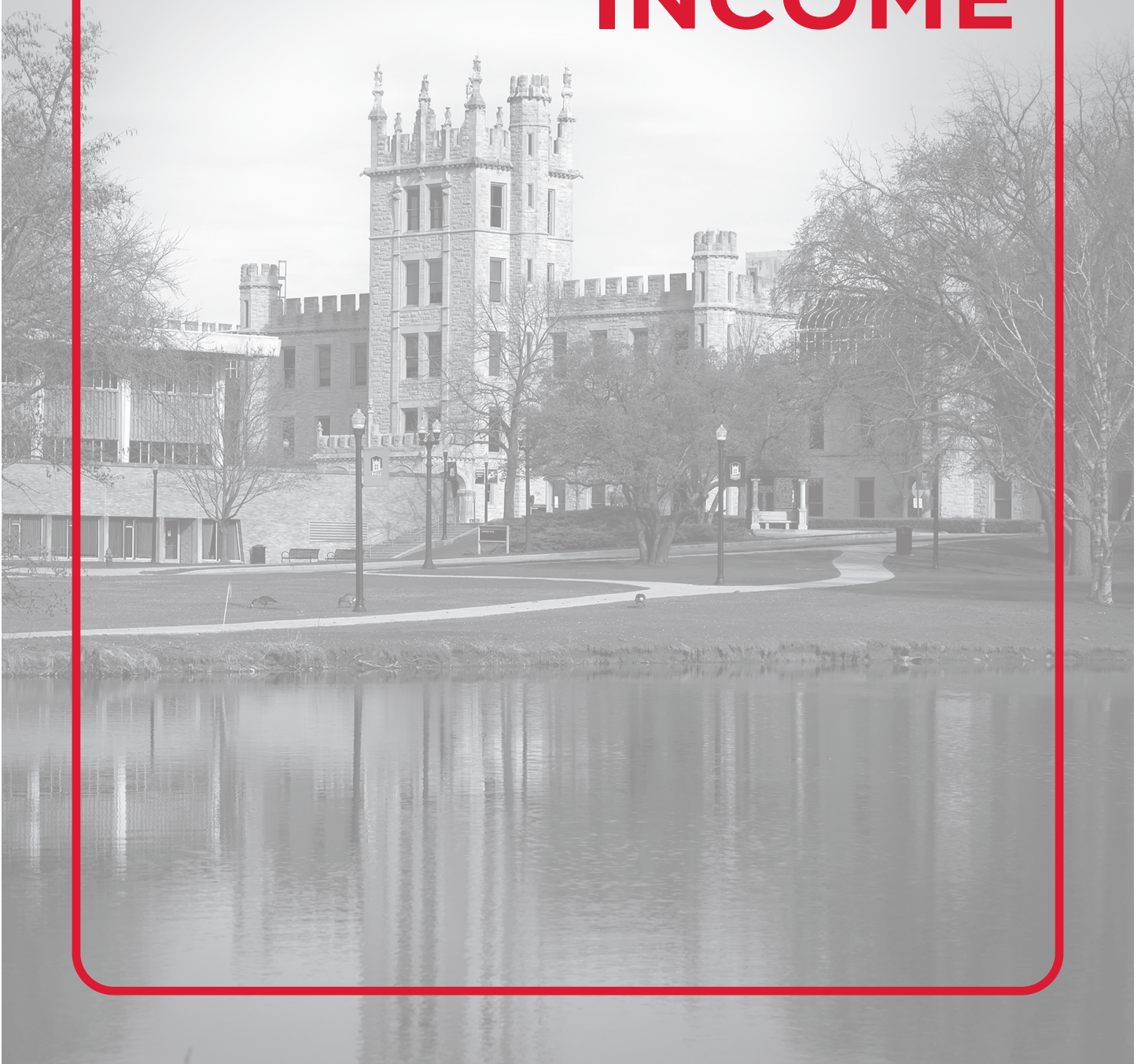
Retirement Plans

- Distribution of an IRA (or other qualified retirement plan) balance may be subject to income and/or inheritance taxes. This taxation could consume up to 70% of the value of the distribution. Donating these plans to charity reduces potential double taxation to heirs.
- You may continue to make withdrawals from your plan during your lifetime.
- You may donate 100% or less of your retirement plan assets to the NIU Foundation.

Life Insurance

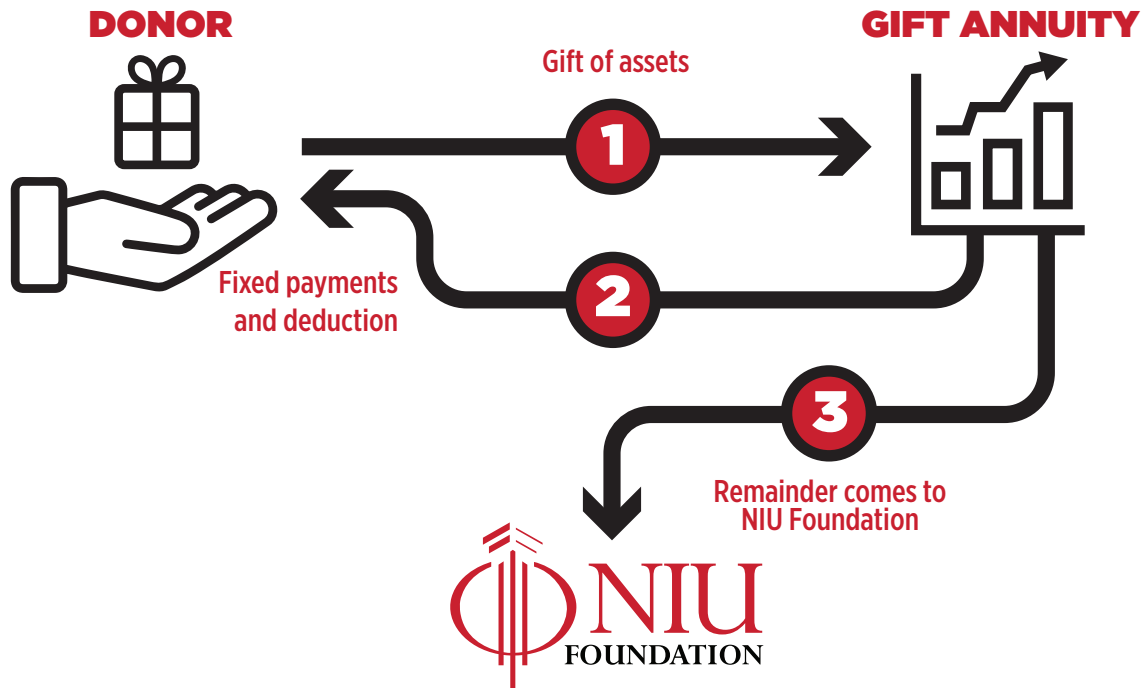
- You receive a charitable deduction for the cash surrender value or paid-up value of the policy.
- Gifts to the NIU Foundation to cover additional premium payments may provide additional charitable deductions.

GIFTS THAT PAY YOU INCOME





CHARITABLE GIFT ANNUITY



GIFT CATEGORY: Income Generation

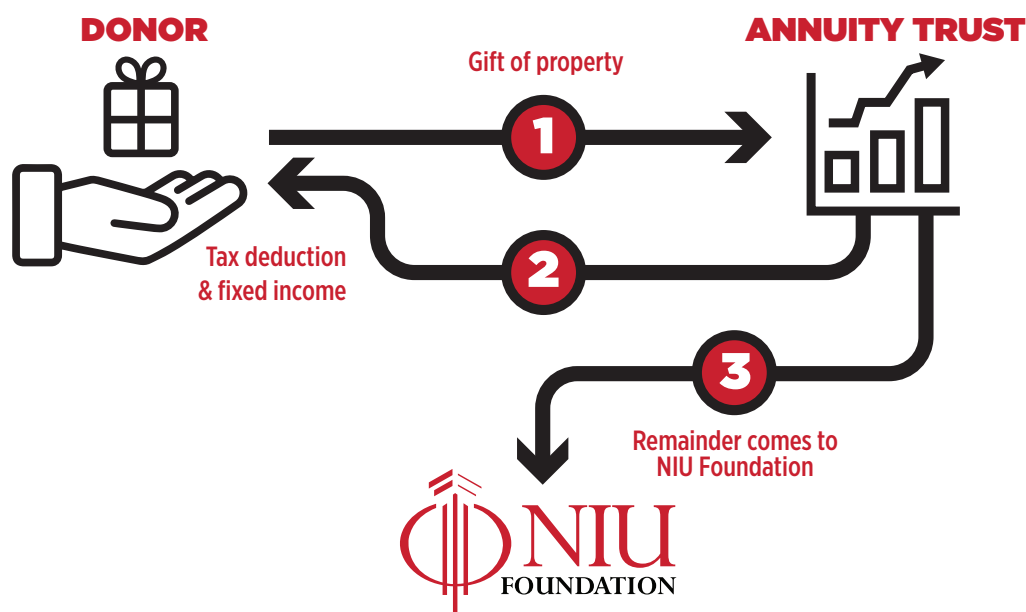
SUMMARY:

- The Charitable Gift Annuity is the most popular income-generating gift for donors.
- Payments are fixed and run for the lifetime of two beneficiaries.
- Payout rate is set by the American Council on Gift Annuities and is based on age.
- Payments are backed by the full faith and strength of the NIU Foundation.
- A simple contract between the donor and the NIU Foundation that ensures the foundation will pay the donor over the course of their lifetime.
- Donors may use cash, stock, bonds, retirement accounts, or other appreciated assets to fund the charitable gift annuity.

BENEFITS:

- Replaces, and potentially increases, cash flow for donors during retirement years.
- Donor receives charitable income tax deduction for gift portion of the annuity.
 - Gift portion is based on the fair market value of assets contributed to fund the annuity minus the income portion of the gift.
- Using appreciated securities to fund a gift annuity avoids upfront capital gains taxes.
- Part of the donor's income payments are tax-free.
 - With a portion being tax-free, capital gains tax being avoided upfront, and receiving a tax deduction, the net payout amount is high.

CHARITABLE REMAINDER ANNUITY TRUST



GIFT CATEGORY: Income Generation

SUMMARY:

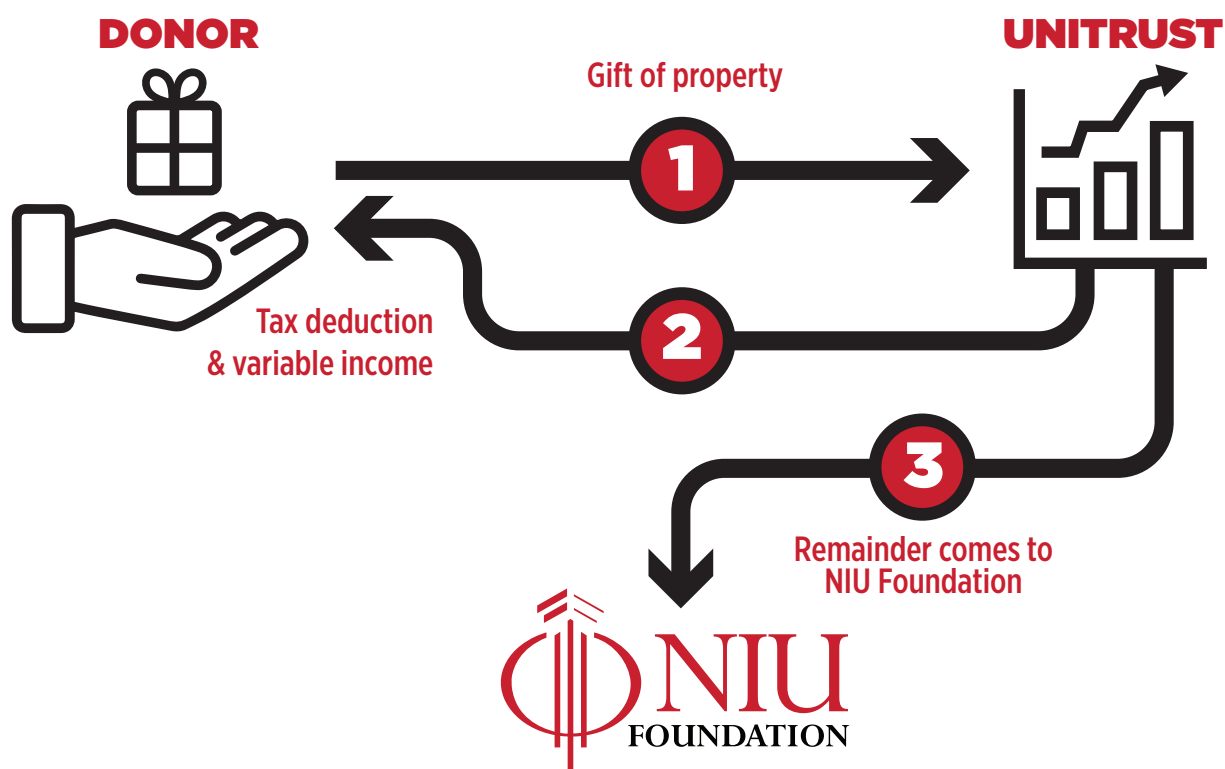
- Trust pays the donor a fixed amount for their lifetime, a fixed number of years (up to 20) or a combination of lifetime and set term.
- Payments may not be less than 5% of the initial value of the trust.
- Charitable deduction is based on the market value of the contributed assets minus the present value of the estimated annuity income payments back to the donor.
- Estimated charitable remainder must equal at least 10% of the initial contributed value to qualify for tax benefits.

BENEFITS:

- Generates an income stream while deferring or eliminating capital gains taxes and reducing inheritance taxes.
- Income payment never fluctuates.
- No upfront capital gains tax is applied to contributions of appreciated property.
- Growth of trust value is not taxed and grows tax-deferred.
- Allows for more beneficiaries than a charitable gift annuity.
- Charitable deduction is based on 3 factors: payout rate, number of beneficiaries, and beneficiaries' life expectancy.
 - The higher the payout rate, the lower the deduction.
 - The fewer income beneficiaries, the greater the deduction.



CHARITABLE REMAINDER UNITRUST



GIFT CATEGORY: Income Generation

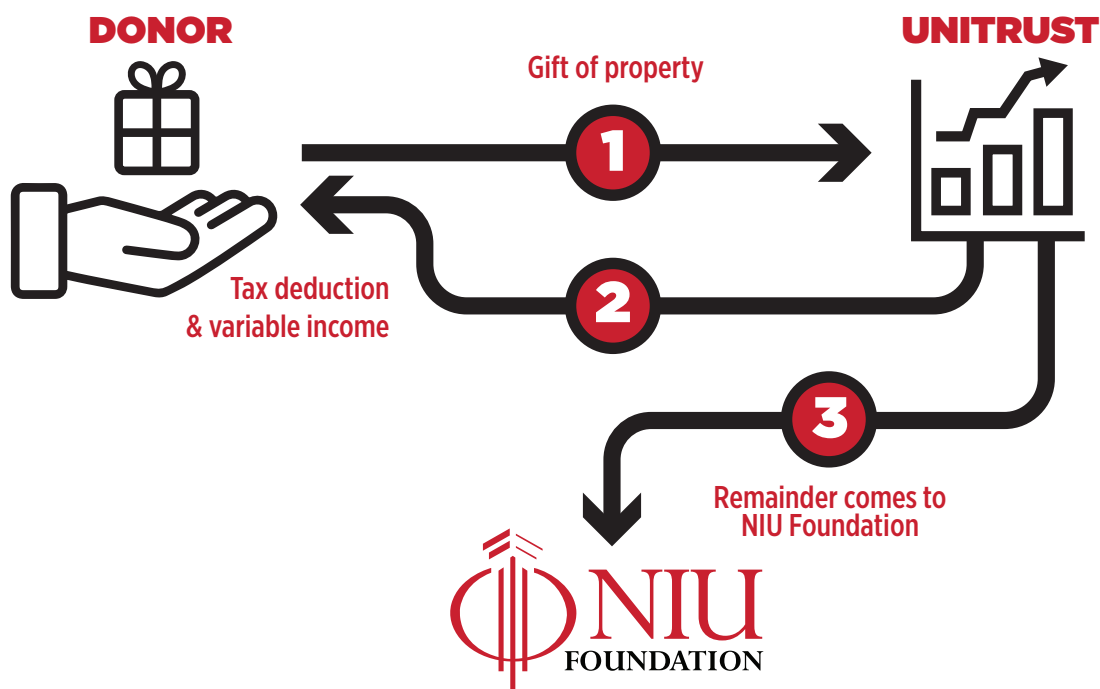
SUMMARY:

- Pays the donor a fixed percentage of the principal value; trust revalued annually.
- Payments can be made for single-life or dual-life terms for either a lifetime or up to 20 years.
- Estimated charitable remainder cannot be less than 10%.
- Donor payout rate cannot be less than 5%.
- Charitable deduction is based on the market value of the assets at the time of contribution minus the present value of the income payments the donor is set to receive.

BENEFITS:

- Most flexible life-income gift available.
- You may make additional tax-deductible gifts to a unitrust.
- Income potentially increases.
- You may receive an income tax deduction for a portion of the value of the assets transferred and the value of assets moved to the trust are removed from your taxable estate.

FLIP UNITRUSTS



GIFT CATEGORY: Income Generation

SUMMARY:

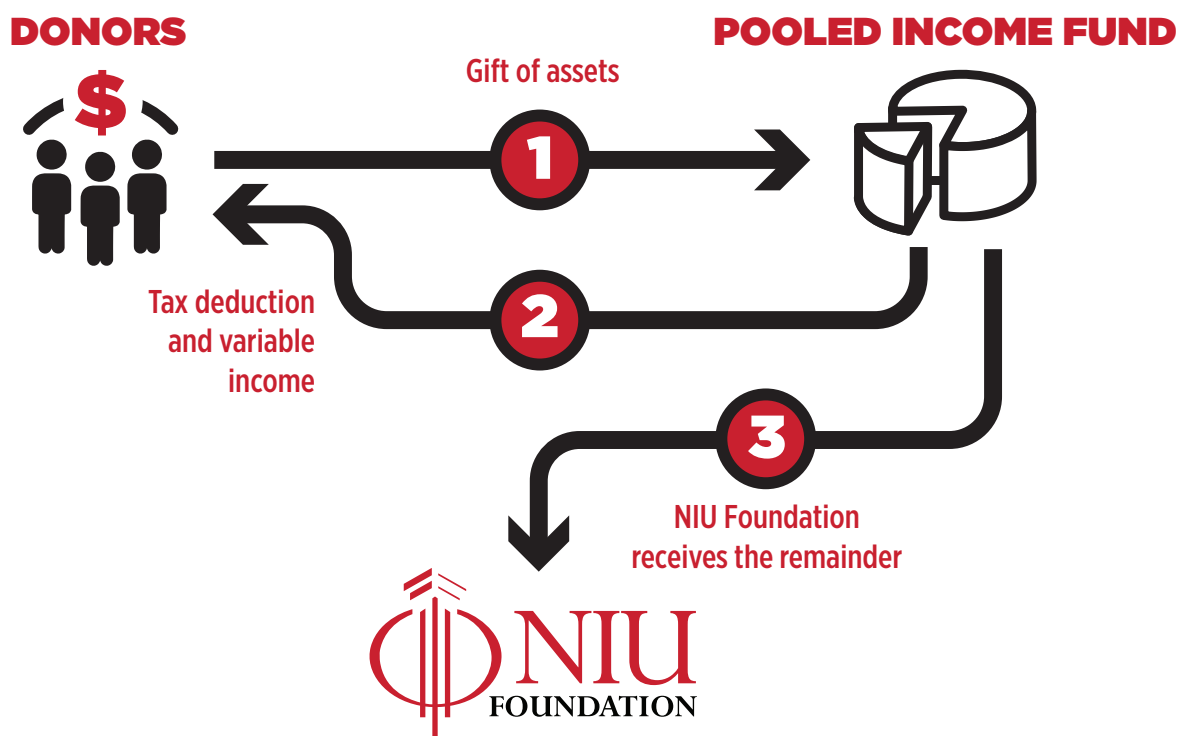
- You have the flexibility to contribute an asset to the trust now, receive an immediate tax deduction, and structure a payout rate later when the assets held by the trust are sold and reinvested.
- Designed to hold assets initially, then “flip” to a regular charitable remainder unitrust structure when a life event (retirement, business sale, death of a spouse, etc.) takes place triggering the trust to sell a specified asset or assets.
- During the passive holding period, payments to trust beneficiaries are limited to actual net income. When the flip event occurs, the trust begins investing the proceeds from the sale of an asset for growth.
- Great vehicle to time payments for retirement or other life events when more income or income replacement may be needed.

BENEFITS:

- Flip unitrusts are tax-exempt limited liability corporations and therefore may not pay capital gains taxes when the ‘flip’ event occurs.
- Great vehicle to contribute illiquid assets, defer or eliminate capital gains taxes, and receive an income stream from hard-to-sell assets.
 - Often more beneficial than holding an asset or selling it outright.
- Reduces management of illiquid assets, making life easier.



POOLED INCOME FUND



GIFT CATEGORY: Income Generation

SUMMARY:

- Works like a mutual fund by pooling and investing donations.
- Gifts of cash or securities from multiple donors are combined, then invested, and managed together in one fund.
- The fund pays the pool of donors their proportional share of net income.
- Investors may choose a designated beneficiary, which may be themselves, to receive payments.
- When the beneficiary passes away, that donor's proportional shares are given to the NIU Foundation.

BENEFITS:

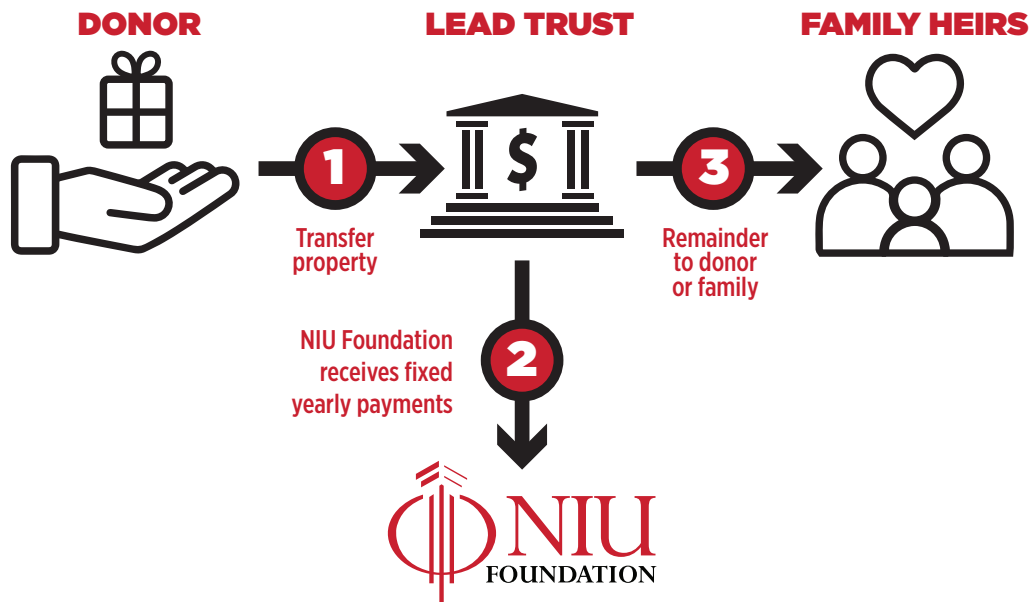
- Donor receives charitable income tax deduction based on the fair market value of assets contributed to fund minus the present value of the life income interest retained in the agreement.
- Pay no capital gains tax on appreciated assets contributed to the fund.
- Payments may be set for one or more beneficiaries.

GIFTS THAT PROTECT ASSETS





CHARITABLE LEAD TRUST



GIFT CATEGORY: Asset Protection

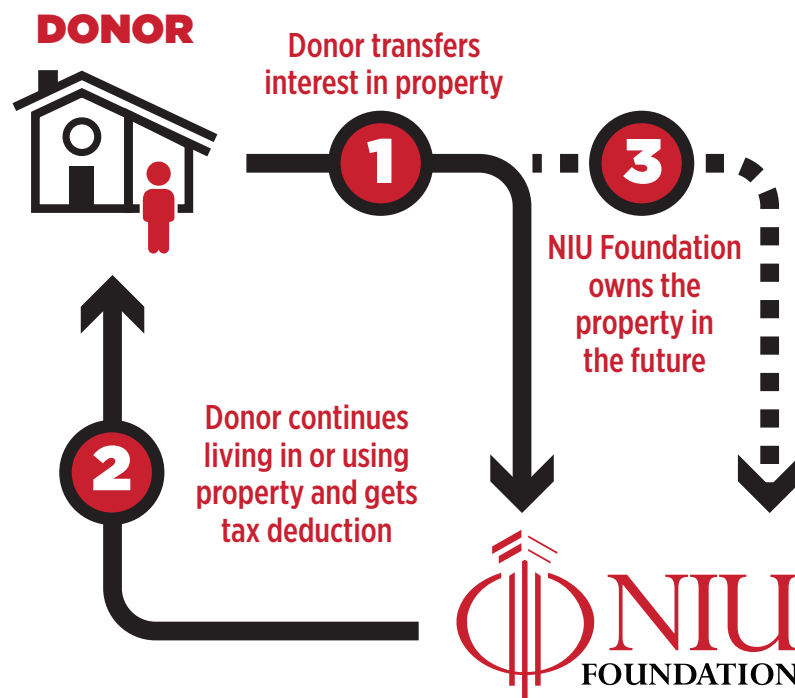
SUMMARY:

- Trust makes payments to the NIU Foundation first. Any remaining assets in the trust are passed to the donor's family or other designated beneficiaries.
- Can be created during a donor's lifetime or through a will and run a term of years or for the donor's living years.
- The IRS uses a formula based on current interest rates to determine the taxable value of the non-charitable remainder interest in the lead trust. When interest rates are low, the taxable value is lower. When interest rates are high, the taxable value is higher.

BENEFITS:

- Great protection for any appreciating asset(s).
- Generates immediate tax savings.
- Lowers the estate and gift tax costs of passing assets to heirs.
 - Taxable value of the asset(s) may be reduced by the present value of the income stream the trust provides to the charitable organization.
 - Asset value will be fixed, for gift tax purposes, at the time the donor establishes the trust. Any increase in asset value after the trust is established passes to beneficiaries free of estate and gift taxes.
- Beneficiaries may receive more through an estate plan that includes a lead trust.

RETAINED LIFE ESTATE



GIFT CATEGORY: Asset Protection

SUMMARY:

- Deed your home, land or vacation property to the NIU Foundation.
- Retain the right to live in or use the property for life or for a term of years.
- If you move out or discontinue use of the property before the end of the term, then you may receive an additional tax-deductible gift for the remainder of the life interest.
- You are responsible for property taxes, structural maintenance and upkeep.
- If the property carries a mortgage and the foundation still accepts the gift, the amount of debt relieved becomes taxable income to the donor.
- Qualified appraisal to determine the fair market value must be obtained.
- Additional deductions are available for capital improvements made to the property not covered by NIU Foundation.

BENEFITS:

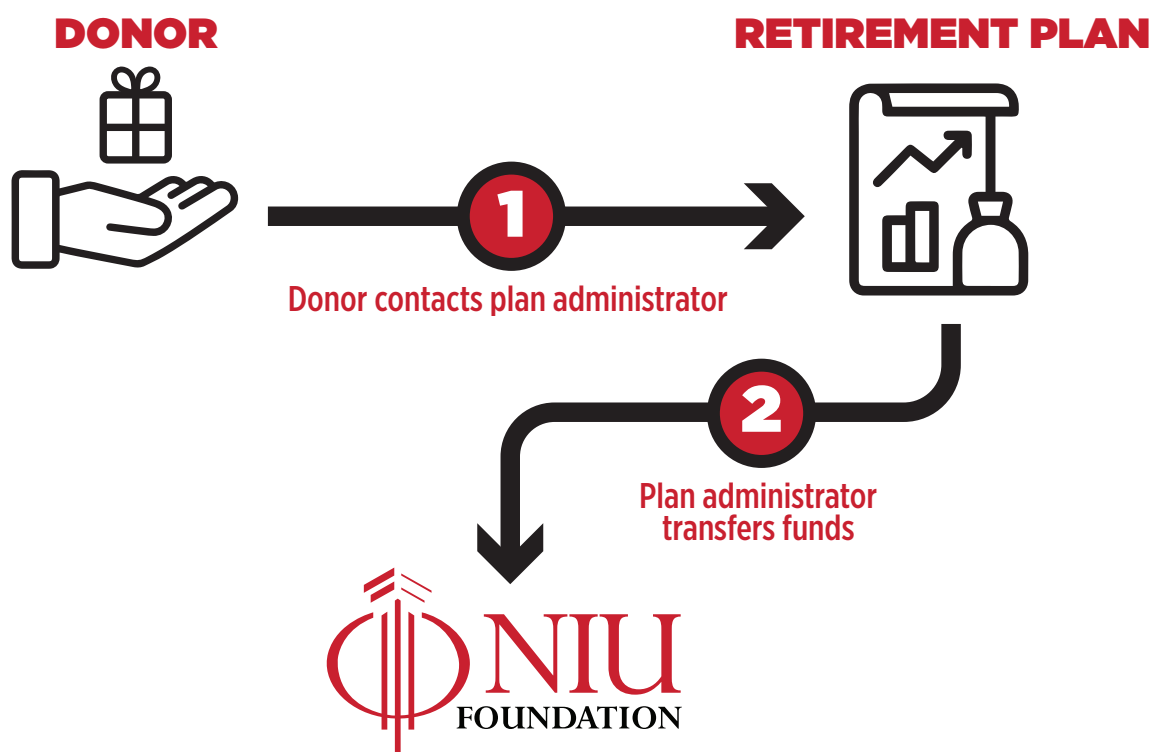
- Receive an immediate income tax deduction based on the fair market value of the property minus the present value of the retained life estate.
- Make a significant gift to NIU Foundation using what may be your most valuable asset without disturbing your living arrangements or cash flow.



GIFTS FOR IMMEDIATE SUPPORT



QUALIFIED CHARITABLE DISTRIBUTION



GIFT CATEGORY: Gifts for Immediate Support

SUMMARY:

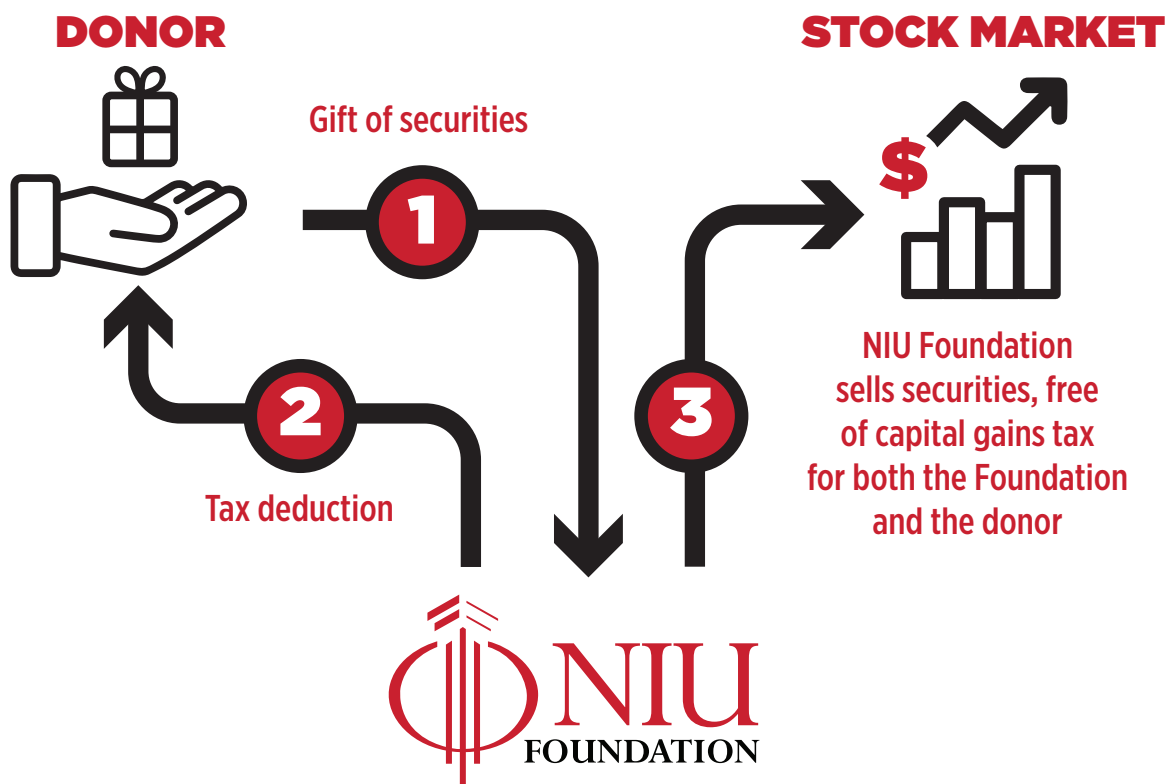
- Distributions to the NIU Foundation count towards your required minimum distribution for the year.
- Donors who are 70.5 years of age and older can transfer up to up to \$100,000 each year (adjusted upwards for inflation) from their IRA to charity.
- The transfer must be directly from the IRA Administrator to the NIU Foundation.
- Available for each spouse allowing a total contribution of up to \$200,000 per year (adjusted upwards for inflation).
- Qualified charitable distributions cannot be made to donor advised funds, charitable gift annuities nor charitable remainder trusts during one tax year in a donor's lifetime for up to \$50,000 or as adjusted for inflation.

BENEFIT:

- Tax liability is reduced as distributions are not recognized as donor income.



STOCK & APPRECIATED SECURITIES



GIFT CATEGORY: Gifts for Immediate Support

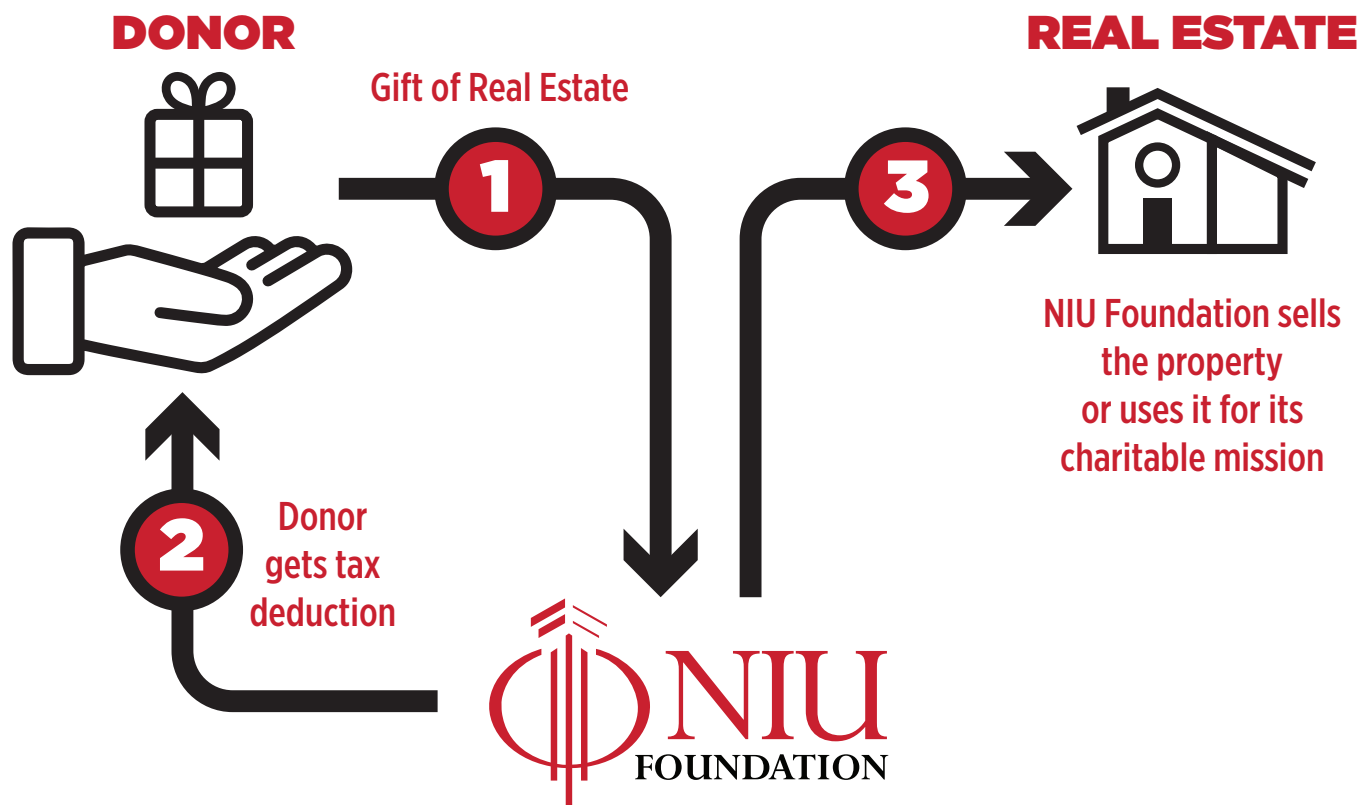
SUMMARY:

- Instead of cash, you can donate stocks, bonds, mutual funds, and other appreciated securities.
- Transfer is a simple notification to your financial advisor, and you provide them with the NIU Foundation tax identification number.
- The value of a gift of stocks or bonds is the average of the high and low prices for the security on the date it reaches the NIU Foundation account – if electronically transferred.
 - If securities, or proceeds of the securities, are mailed, then the value is based on the postmark date.
 - Beware using FedEx or UPS, as the date of the gift for tax purposes is based on the date the funds are received (signed for).
- Valuing mutual funds is based on its public redemption price on the day it reached the NIU Foundation account.

BENEFITS:

- Donor receives a charitable income tax deduction for the full appreciated value of the securities.
- Pay no capital gains tax on the transaction.
- After-tax cost is less than a gift of cash.

REAL ESTATE



GIFT CATEGORY: Gifts for Immediate Support

SUMMARY:

- Real estate may be used as an outright gift to the NIU Foundation.
- Real estate may be used to fund an income-generating gift (charitable trust or gift annuity).
- Real estate may be donated to charity via title transfer while you retain right to use property (retained life estate).
- A qualified appraisal must be completed before the donation can be made.

BENEFIT:

- Charitable deduction for the fair market value of real estate held longer than one year.



NORTHERN ILLINOIS UNIVERSITY FOUNDATION

OFFICE OF PLANNED GIVING

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