



You Can Help Hadley

1. INCLUDE HADLEY IN YOUR WILL OR TRUST

- Suggested wording to share with your attorney: I give ____% or \$ ____ to Hadley Institute for the Blind and Visually Impaired, an Illinois non-profit corporation located at 700 Elm Street, Winnetka, IL 60093, EIN #36-2183809.
- If you have previously included Hadley in your will or trust using our former name "The Hadley School for the Blind," you do not need to change your documents. It still will be honored.

2. DESIGNATE HADLEY INSTITUTE AS A BENEFICIARY

- You can use an IRA, life insurance policy, annuity or any other instrument that allows you to designate a beneficiary.
- Simply request and fill out a "change of beneficiary" form from the appropriate provider.
- You could name Hadley a full, partial or contingent beneficiary with the designated amount being tax-free.

3. CONSIDER A CHARITABLE GIFT ANNUITY (CGA)

- A gift annuity is simply a contract between you and Hadley whereby you give a specified amount of money (minimum of \$10,000 cash or appreciated stock).
- A CGA provides an income for loved ones who depend on you.
- You receive a charitable tax deduction and Hadley agrees to make annual payments to one or more beneficiaries (annuitants).

4. DISCUSS ADDITIONAL OPTIONS WITH YOUR FINANCIAL ADVISOR OR ATTORNEY

Please let us know if you plan to leave a legacy at Hadley so we can thank you and welcome you to the Clarence Boyd Jones Society.

For more information on estate planning, please contact Brooke Voss, Chief Development Officer, at 847.784.2774 or send an email to brooke@hadley.edu.

700 ELM STREET, WINNETKA, IL 60093
800.323.4238 • HADLEY.EDU
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HADLEY
INSTITUTE FOR THE BLIND
AND VISUALLY IMPAIRED



Don't Forget:
You have until April
15, 2018 to make a
charitable distribution
from your IRA for the
2017 tax year.

foresight

ACHIEVE YOUR GOALS THROUGH PHILANTHROPIC PLANNING

HADLEY INSTITUTE
FOR THE BLIND AND
VISUALLY IMPAIRED
SPRING 2018

Hadley Makes Ted's List



Ted Utchen

MAKES HIS ANNUAL GIFTS THROUGH IRA DISTRIBUTIONS

Ted Utchen of Wheaton, IL, was vice president and general counsel of a private family investment company which managed the assets of a major industrial family in Chicago. He has been making charitable gifts of his own for many years, and his interest in philanthropy developed out of his desire to be helpful to people born with a disability or who are developmentally disabled. He made his first donation to Hadley in 2001, and it became one of his favorite charities.

"I support many non-profits each year by instructing the trustee of my individual retirement account (IRA) to write checks directly to the charities," Ted said. "If I had received the distribution of those IRA funds personally and then wrote my own checks to the charities, I would be taxed at my current tax rate and that would leave me with fewer dollars to make further charitable gifts. Direct charitable contributions from my IRA to charities allow me to avoid paying more in taxes, and make larger contributions than I might be able to do otherwise."

In addition to Hadley, Ted has become known as "The Dictionary Man" in Wheaton and its neighboring suburbs. As an attorney, he was surprised to see so many misspellings in correspondence and legal documents sent to him. "In 2002, I read an article in the Wall Street Journal about 'The Dictionary Project,' a non-profit begun in 1995 by Mary French in Charleston, SC, out of her interest to teach children how to spell," Ted said. "Mary arranged for a discount on pocket dictionaries from McGraw-Hill and began giving out dictionaries to third-grade students in her area. This program then was picked

See Hadley Makes Ted's List inside...



Gift from IRA May Benefit Hadley and You

Recent changes to the tax code have made using an IRA to accomplish charitable gifts more attractive than ever, while avoiding income taxes on an IRA distribution.

In estate planning, we all strive to find the win-win solution for our clients. A solution that both saves them taxes and accomplishes their life goals — such as leaving a legacy through charitable giving. Recent changes to the tax code have made using an IRA to accomplish charitable gifts more attractive than ever, while at the same time avoiding income taxes on an IRA distribution.

Here is the story: A traditional IRA (as opposed to a Roth IRA or an inherited IRA) is composed of money contributed to the IRA account which has never been subject to income tax. The money compounds in the account tax-free until distributions from the account

occur. The tax-free compounding is so attractive that most people leave the money in the IRA as long as possible, but once age 70-1/2 is reached, the money must come out. The money comes out of the IRA on a schedule based on life expectancy and that annual required distribution is called the Required Minimum Distribution or RMD. (Of course, if you need the money, you can take more.) The RMD is entirely subject to income tax — regardless of whether it is money initially contributed or capital gains from the sale of investments in the account — and at tax rates today up to about 50% of the RMD is required to be paid out in taxes. (Illinois does not tax retirement accounts so in Illinois the tax can



You have until April 15, 2018 to make a charitable distribution from your IRA for the 2017 tax year.

be as high as 40% of the RMD representing only federal taxes.)

Imagine a \$40,000 RMD coming out, \$20,000 of which is paid out in taxes. If you make a charitable gift from what is left over, then only \$20,000 is available for charity. Is there a better way?

Yes (or you wouldn't be reading this article). For the past couple of tax years (and this change was made permanent in 2016):

- a person over age 70-1/2
- can make a direct transfer from an IRA to a public charity and
- satisfy the taxpayer's RMD (without actually increasing the taxpayer's income).

The distribution to the charity is not considered income to the taxpayer. This is a real bonus for the taxpayer. Because the gift from the IRA does not increase the gross income of the taxpayer, it does not adversely affect Medicare rates, Social Security tax rates, or result in a cut-back of itemized deductions.

Moreover, the gift from the IRA is not subject to the limitation on annual giving (usually 50% of gross income).

Janet Rae Montgomery, Partner/Member
Daluga, Boland & Montgomery LLC
312.262.5093 | jrm@dbmtax.com



This technique is called a qualified charitable rollover or qualified charitable distribution. It comes with a few additional restrictions:

- The maximum amount that can be contributed in a single tax year is \$100,000.
- Only a public charity recognized under 501(c)(3) — like Hadley — can receive the rollover, not a donor advised fund or a private foundation or supporting organization.
- The distribution cannot be made to the taxpayer and then to the charity — the check from the IRA must be made payable to the charity directly.
- The gift can be made from IRAs and from retirement annuities other than IRAs, but not from SIMPLE plans or pensions.

In our example above, if a direct gift of \$40,000 is made from the IRA to the charity, the donor has not only the satisfaction of giving 100% of the gift untouched by taxes, but does not experience an increase in personal income and is still given credit for having received the RMD for that year.

To learn more about giving a gift from your IRA to Hadley, please contact Brooke Voss, 847.784.2774 or email brooke@hadley.edu.

Hadley Makes Ted's List... continued

up by civic clubs and individuals in all fifty states, and twenty-nine million dictionaries have been distributed to date to third graders throughout the country."

“Direct charitable contributions from my IRA to charities allow me to avoid paying more in taxes — and make larger contributions than I might be able to do otherwise.”

Ted contacted Mary French, and now does his Annual Dictionary Project by donating dictionaries every year to each third-grade class at 32 elementary schools in Chicago's western suburbs. "I hand out the dictionaries I've purchased for the children from Mary French's 'The Dictionary Project,' and I do a 35-minute question and answer session with the kids. I explain how to use the dictionaries and how the dictionaries can be useful to them for the rest of their lives."

In his estate plan, Ted has specified that donations be made from his estate to organizations he has supported during his life. He is a member of Hadley's Clarence Boyd Jones Society which recognizes those who have included Hadley in their wills or made other planned gifts to support its learners.

PHILANTHROPY ADVISORY COUNCIL

Promoting the growth and strength of Hadley's planned philanthropy program, these financial and legal professionals lend their time and expertise working with staff and donors through their advisors.

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