Making a Difference

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Make an Impact

Many alumni and friends of Harvard Law School receive information about planned giving often and from many different sources. This has much to do with the strong philanthropic spirit of our alumni community, and for that, the Law School is tremendously grateful. Harvard Law School continues to set the standard for excellence in legal education and the generosity of our alumni and friends continues to help us raise that bar.

As you read this, you may think you already know what you need to know about charitable trusts and gift annuities (gifts which can provide income for life). Or, you may have already created a charitable provision for Harvard Law School in your will. You may decide that your long-term financial and philanthropic plans are set, and you do not need to read another newsletter to determine whether or not you should make any changes.

Our goal for this newsletter is to encourage you to question whether you have indeed thought of all the possibilities. In this issue, we highlight three alumni who have used unique and innovative gift planning strategies to maximize their own personal benefits while at the same time making a significant impact during Setting the Standard: The Harvard Law School Campaign. Each story illustrates how, with thoughtful planning, you can have a greater impact with your philanthropy and satisfy other planning goals. Such opportunities are numerous in planned giving, and we invite you to explore them.

I ask that you review these stories and see if you find yourself asking the question “I wonder if I could…?” Let us know how we might help you answer that question. You may use the enclosed reply card for more information, or feel free to contact the Harvard Law School Planned Giving Office at 617-495-9891. We look forward to hearing from you.

Sincerely,
Charles B. Gordy, II
Director of Planned Giving

P.S. On a personal note, it was my privilege to join Harvard Law School this past January. I look forward to working with you.
Impact: Explore the Possibilities

Gift planning expands the range of philanthropic opportunities and opens the door for you to participate at a much more significant level than you might think possible. For some, that might mean a gift which provides income for life. For others it could mean a gift of real estate or other tangible personal property. And still for others it could mean a bequest intention funded strategically with highly taxable assets to minimize the tax burden on heirs.

A charitable remainder trust is a gift vehicle where you transfer assets to a trust, from which you and possibly others receive an income for life, or for a term of years (not more than twenty). You qualify for a charitable deduction for a portion of the gift’s value when you make the gift. When the trust terminates, Harvard Law School receives the remaining principal and will use it as you intend.

A charitable gift annuity is a gift vehicle where you transfer assets to Harvard, and Harvard agrees to pay you and up to one other person a fixed lifetime income. The payout rate is based upon your age (and the age of the other person, if included) when you make the gift. You also qualify for a charitable deduction for a portion of the gift’s value in the year you make your gift. At the end of your lifetime, the remaining principal reverts to Harvard Law School and will be used as you intend.

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CREATIVE PHILANTHROPISTS

Cornelius B. Prior, Jr. ’62

Transferred Management of his Trust to Harvard.

Mr. Prior established a charitable remainder trust (trust) to provide income to a family member for life, and designated the remainder to fund a professorship named in honor of the then-retiring Dean Clark. He named himself as trustee, and funded the trust with stock from a company he founded (now a publicly traded company). Harvard Law School recognized Neil as a leadership donor.

A few years later, Neil learned that Harvard had been granted the option to invest charitable trusts within Harvard’s endowment. This investment option became possible thanks to an IRS private ruling, which enables Harvard to put its trust assets in investments that otherwise would generate problematic tax consequences. Because Neil had long been aware of Harvard’s impressive investment record, he investigated how he might take advantage of this new opportunity.

Neil made the decision to transfer the trusteeship and management of his trust to the Harvard Management Company which, unlike a commercial trust management firm, charges no management fees. He also chose to have his trust invested within Harvard’s endowment, and his trust now has the possible benefit of impressive potential growth. Neil has been pleased with the results ever since.
Howard Aibel ’51

Used Gift Annuities to Fund a Professorship Now

Howard Aibel wanted to make a difference at Harvard Law School, but he also wanted to ensure that he and his wife, Katherine, had enough income throughout their retirement years. In 2000 and 2001, he established two gift annuities, naming him and Katherine as income beneficiaries. The remainder would benefit Harvard Law School.

Not long after he began receiving income from the annuities, Howard began to wonder if he actually needed the extra income. The reason: he also had a charitable remainder trust invested in Harvard’s endowment, and income from the trust continued to grow.

Sadly, Katherine passed away in 2006. Howard again found himself questioning the need for the extra income from his charitable gift annuities. During a lunch meeting, Howard and Dean Elena Kagan talked about Howard’s commitment to the Setting the Standard Campaign and what he might consider doing. Howard referred to the meeting tongue-in-cheek as “the most expensive lunch he’s ever had.” He knew he wanted to make a substantial impact at Harvard Law School during the campaign and decided to establish a professorship. But he also wanted to fund his gift now, so he could personally witness its impact.

He worked with his advisors and the HLS staff to determine how he could do that. What Howard learned was that, in addition to making a current gift, he was able to terminate his charitable gift annuities and give the remaining value back to the Law School to be used now, specifically to complete the funding of his professorship.

Howard was pleased that he could make the gift now, and he also was happy to learn that he would qualify for an additional charitable deduction for a portion of the terminated gift annuities.

James Dorsch ’59

Used Non-Cash Assets and Innovative Planning to Fund Trusts

Jim Dorsch has participated in a broad array of gift arrangements with Harvard Law School. In 1995, he established a charitable remainder trust (trust) and funded it with a gift of real estate. Jim named himself and his wife as joint-and-survivor income beneficiaries. He was able to avoid capital gains taxes on the piece of property, to qualify for a charitable deduction in the year he made his gift, and to receive an income for his and his wife’s lifetimes.

He was so pleased with the results of his initial trust, he set up a testamentary charitable trust which will be funded upon his death. This second trust will be funded with assets from his IRA and provide an income benefit to his wife. The ultimate charitable beneficiaries of the second trust are Harvard Law School and his high school, McDonough (a private school in Maryland). Jim is excited that Harvard will manage his trust and also provide a charitable benefit for McDonough. He believes that HLS and McDonough stand to gain even more from the gift through Harvard’s management of the trust assets.

As Jim worked on his financial plan and considered his charitable giving, he chose Harvard Law School as the sole charitable beneficiary of his initial trust because he believes that investing in the Harvard endowment is the best option available, with the best management expertise in the country. He and Harvard share the same goal—both want to ensure that the principal grows as much as possible so that all beneficiaries enjoy the maximum benefit. He adds that the charitable remainder trust is a “gift vehicle from heaven.”

He chose to fund his testamentary trust with his IRA assets because he does not want to leave his wife, or his children, vulnerable. This arrangement allows Jim to provide income for his wife and helps remove possible financial anxiety when he’s gone. “It will be one less thing for her to worry about, and she is very happy to have Harvard be her money manager.” Also, his IRA is a great asset to give to charity, because his children need not worry about a possible increase in taxes which might occur if the retirement assets are left to them.
A charitable bequest is a provision in your will which directs a fixed amount or a percentage of your estate to Harvard Law School.

Each of these gift options can be designed to meet your specific needs. HLS has the staff and resources to help you tailor a gift plan to best meet your philanthropic and financial goals.

Maximize Your Impact

More and more we see an interest from donors about how they can maximize the impact of their charitable gift. We work with alumni every day who consider a combination of current outright gifts and other gift planning tools to realize a greater impact with their gift.

Consider this: What if a donor wanted to establish a fund at Harvard Law School which would provide financial support for students but that donor was concerned about income in his later years?

The current commitment to create an endowed financial aid fund at Harvard Law School is $100,000, and a scholarship fund is $250,000. A donor can make a commitment of $100,000 to establish a financial aid fund and pay this pledge over 5 years. Once this commitment is paid in full, the fund becomes available for distribution to students, and the donor can witness first-hand the impact of the gift. Once the pledge is complete, the donor can then fund a charitable remainder trust with a gift of $150,000. The ultimate designation can be to the same fund. When the trust terminates, the amount in the fund should increase to the level of a scholarship fund. In the meantime, the donor will receive an income stream for life, a charitable deduction for a portion of the gift’s value in the year the gift is made, and the personal satisfaction of knowing that Harvard Law School students will benefit directly due to their generosity.

To Learn More

To explore the possibilities, please fill out and return the enclosed reply card, or feel free to contact us directly. It would be our pleasure to work with you as you determine how you might maximize your impact at Harvard Law School.

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