Tom and Shirley Murphy’s gift to Virginia Tech . . .

. . . increased their retirement income
. . . bypassed capital gains taxes
. . . extends the impact of their support far beyond their lifetime.

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Winning Combination: Income Now, Gift Later

“We had been thinking about retirement,” says Tom Murphy ’70. “You’re always concerned about your income stream. Are we going to have enough income to take care of our needs and for emergencies?”

Both Tom and his wife Shirley have career experience in financial matters. Shirley specialized in customer accounts at a Blacksburg area bank, retiring after 25 years. Tom specialized in trusts at another area bank and found this trust expertise valuable when he became a gift planning officer at Virginia Tech.

Two of the couple’s retirement priorities were to increase the income stream they were receiving from low-yielding securities, and to create a charitable gift for Virginia Tech.

A single solution helped achieve both goals. The Murphys donated low-yielding securities to establish a charitable remainder trust. The trust is designed to provide a higher-yielding stream of lifetime income payments for the Murphys, and a gift for Virginia Tech when the trust ends.

“Virginia Tech just changed our lives,” says Tom. “Shirley and I were the first in our families to go to college. We didn’t have any exposure to what a college education does for people.

“We came to realize, after the first few years, we ought to give back a little. Of course, initially, we were not in a position to give much.”

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Charitable Trusts Create Income for You

- Two types of charitable trust are the charitable remainder annuity trust (CRAT) and the charitable remainder unitrust (CRUT).
- Each provides lifetime income to the donor and a future gift to Virginia Tech.

How Are These Trusts Similar?
Both offer:
- **An income stream for you** or for someone you name.
- **Income that begins on a date you choose.** You can begin receiving income immediately, or defer receiving significant income until a later date, such as a planned retirement date. Deferring your income can result in larger payments.
- **Immediate income tax charitable deduction** regardless of when you begin to receive income from your gift.
- **Income that continues for life, or for a specified term of years.** Select the plan that most closely matches your goals.
- **Professional management of your trust’s assets** is available to you through the Virginia Tech Foundation, or you can make other management arrangements. Professional trust management can relieve you of management tasks, diversify your portfolio, and provide both your income stream and your future gift.
- **Your future gift to Virginia Tech** will be the remaining trust balance when the plan ends. You can designate how your gift will be used, or you can allow the university to apply your gift where it is most needed.

How Are They Different?

You receive **FIXED PAYMENTS from your Charitable Remainder Annuity Trust (CRAT).** So you can rely upon receiving the same dollar amount, year after year.

You receive **VARIABLE PAYMENTS from your Charitable Remainder Unitrust (CRUT).** This can allow your income to grow with inflation.

This potential hedge against inflation helps make the CRUT the most frequently chosen charitable trust.

CRUT payments are based upon a stated percentage of the trust’s annual value. Each CRUT is separately invested, so your trust can have an investment mix that reflects your personal risk tolerance.

Which Trust is Better for Me?

Your choice depends upon your individual circumstances and goals.

See facing page for questions to consider.

Then contact the Office of Gift Planning for free sample illustrations and other information to help you and your advisors compare options.

Lifetime Income and a Legacy Forever

**Grover L. Wilson, Jr, ’37** and his wife Elizabeth established a charitable remainder annuity trust in 1996 as their legacy gift to Virginia Tech.

The Wilsons received dependable income from their trust for the rest of their lives. After their lifetimes, the trust endowed a university-wide undergraduate scholarship designed to last forever.

Since its first award in 2005, the Grover L. and Elizabeth Wilson Scholarship has been awarded 177 times — and counting.
How Do I Know a Trust Is for Me? Three Questions

Charitable trusts can offer solutions that help you reach personal and family financial goals as well as make a meaningful charitable gift. Would a trust work for you? Here are three questions to consider.

What are my financial goals?
If your goals include one or more of the following, a charitable trust may be right for you.

- Create an additional income stream for myself or loved ones.
- Increase my income from a low-yielding asset.
- Access professional investment management.
- Generate tax savings.
- Provide for retirement.
- Plan for inflation.

What are my charitable goals?
A charitable trust can allow you to support the university in a wide variety of ways, including

- Scholarships benefiting needy students
- Professorships attracting the world’s brightest minds
- Research funds supporting critical areas of inquiry
- Unrestricted gifts providing future flexibility

A trust can establish a permanent endowed fund — named as you specify — that benefits the university forever. Or, it can make your gift available all at once.

It also can benefit a specific college, department, or program, or be available to the entire university.

The numerous options allow you to establish a legacy at Virginia Tech that is personal and meaningful to you — and perhaps a larger one than would otherwise be possible.

What do I do next?
- Contact the Office of Gift Planning to learn more. Our office will be pleased to answer your questions and prepare free gift illustrations personalized to you and your charitable and financial goals.
- Phone: 800/533-1144 or 540/231-2813 or email: giftplanning@vt.edu.
- Discuss with your financial advisor how a charitable trust best can fit your financial, tax, retirement, and estate plans.
- Choose the gift that best fits you. Then enjoy both the income you receive and the satisfaction of knowing your legacy is in place at Virginia Tech.
High school sweethearts, Tom and Shirley married, began a family, and worked multiple jobs while Tom earned degrees from Virginia Tech and Florida State University. “One year,” says Shirley, “we filed seven W-2 forms and were still living below the poverty level.” Smiling at her husband of 47 years, she adds, “But we had everything we needed.”

Today, Tom and Shirley’s charitable trust not only addresses retirement needs, but also includes a gift for Virginia Tech athletics — a gift with special meaning for their family. Working courtside during Virginia Tech basketball games is a Murphy family tradition. Tom became a volunteer worker in the football program in 1976, later officiating at basketball games as well. Shirley joined Tom in 1985 as the university’s first female official at the basketball scorers’ table. The Murphy children tagged along as young spectators and later joined their parents in working game operations. A son-in-law joined the group, and now a small granddaughter cheers for the Hokie Bird.

“Volunteering, and later officiating, at athletic events was one way of giving back,” says Tom, “and it became a family activity. Then, when we did have the opportunity to think more philanthropically, we thought, ‘Where can we make a difference?’ Our gift will be for game operations, which is what we’ve been involved in all these years.”

Tax advantages played a role in the Murphy’s decision to fund their gift with securities. “It didn’t matter to the university what form of gift they received,” says Tom, “but it did matter to me, because when I gave highly appreciated stock, I got the benefit of not having to pay capital gains taxes on it.”

“It’s a great way to make a gift,” he adds. “And you have the sense that you’re giving back to something that gave you a better chance.”

Shirley agrees, “If it hadn’t been for Virginia Tech, we may not have been in a position to give to anybody.”

“Having been in trusts and having been in gift planning,” says Tom, “I knew a [charitable remainder] trust could turn a 1.5 percent income stream into a 5 percent income stream. I knew I could take this money that was producing some income for us, and I could increase the income.”

Shirley is enthusiastic about their income-producing gift. “I think sometimes people don’t realize there are ways to give and not hurt their family. You can do both.”

Tom agrees. “For a person who wants to give, this is just a great way to do it.”

**IRA Smart Move: Wait and See**

**As of this writing,** Congress has not decided whether to renew for 2012 the popular Charitable IRA Rollover.

In recent years, this charitable rollover, or qualified charitable distribution, has allowed many Virginia Tech donors age 70 ½ or older to exclude from taxable income — and count toward their required minimum distribution — qualifying gifts transferred directly from their IRAs to a charity such as Virginia Tech.

If you are considering a charitable gift from your IRA during tax year 2012, the best move may be simply to wait. You can keep your options open by delaying your IRA distribution until Congress decides whether this tax incentive will be available to you.

To learn about the qualifications for such a gift, and to check whether Congress has passed legislation to extend the Charitable IRA Rollover, visit http://bit.ly/vhC2Df.