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Hamilton Plans

...to Benefit You and the College

Coming Full Circle: Alfange, Kayle, Coleman, Mandel and Alfange

The genesis of a gift to Hamilton can be quite simple – a donor wishes to benefit the College. However, in the case of the Alfanges, a single gift led to a full circle of giving and support for Hamilton. In 1937, Dean Alfange, Class of 1922, received the inaugural Theodore Roosevelt Memorial Award for his book *The Supreme Court and the National Will*. With great generosity and foresight, he contributed his $2,500 prize to the College to endow the Dean Alfange Essay Prizes, awarded each year to two students who write the best essays on the development of American constitutional government.

As a student, Milton Kayle '43 was a recipient of the Dean Alfange Essay Prize, a point he made when he accepted the Bell Ringer Award in the Chapel on June 3, 2006. The prize he received left a lasting impression and inspired his life-long philanthropy and service to Hamilton. This past year at Class & Charter Day, Matthew Coleman '06 and Ian Mandel '06, donors to the Senior Gift Campaign, were awarded Alfange prizes.

However the story doesn't end there. In the fall of 2005, Dean Alfange, Jr. '50 and his wife Barbara used assets inherited from his father to complete a charitable gift annuity with Hamilton. This gift ultimately will establish The Dean Alfange, Class of 1922, Distinguished Visiting Professorship in a field related to the history, philosophy or culture of Ancient Greece. The purpose of the visiting professorship will be to attract to Hamilton scholars in this area, which was one of Dean Alfange's abiding interests, and is to be awarded on a competitive basis to the academic department that makes the strongest case for its use.

Beginning with Joel Bristol, the history of Hamilton reveals many circles of giving that have helped to sustain and support the College and the Hamilton-Oneida Academy for more than two hundred years.

Charitable Gift Annuities

One of the simplest and most popular ways to enjoy the satisfaction of a gift, benefit from an immediate income tax deduction and receive fixed payments for life is through a charitable gift annuity.

In exchange for your contribution of cash or marketable securities, Hamilton will make payments to you for your lifetime (or to you and a successor annuitant) backed by all of its assets. The amount of the charitable deduction and fixed payments depends on the number and ages of the annuitants.

In today's low interest rate environment, gift annuity payments may be an attractive alternative to CDs or other income-producing investments.

An Inspiration to All: Dean Alfange, Class of 1922

Born of Greek parentage in Constantinople, Turkey, Dean Alfange, Class of 1922, immigrated to America with his parents at the age of 3. The family settled in Central New York and he graduated in 1918 from Utica Free Academy.

During his time on College Hill, he joined ELS and soon became a recognized campus leader earning the nickname "the Senator." Winner of the McKinney Prize for public speaking and captain of the Debate Team, he graduated from Hamilton Phi Beta Kappa, with honors in philosophy, and went on to earn an LL.B. degree from Columbia Law School in 1925.

Settling in Manhattan to practice law, he achieved prominence in the Greek-American community during his early years as national president of AHEPA, the principal civic and fraternal organization of Greek Americans.

Throughout his life, he was active in New York State politics. He ran unsuccessfully for Congress as a Democrat in 1941, and was the candidate of the American Labor Party for governor in 1942. When the party moved sharply to the left in 1944, he broke away, together with prominent labor leaders and intellectuals, and became a founder of the state's Liberal Party. He also devoted himself to community affairs, serving as president of the LaGuardia Memorial House, a settlement house in East Harlem, for more than 40 years.

Your To-Do List… Defer Income and Reduce Taxes in 2006

You still have time to make strategic decisions to defer income to 2007 and maximize deductions for 2006.

Defer Income

- Self-employed? Delay your billing until late in the year causing payments to arrive in 2007, thereby deferring the tax due on that income.
- An employee? Ask your employer to consider paying some or your entire year-end bonus in January.

Increase Deductions

- Purchase eyeglasses, hearing aids and medications and incur other elective medical or dental expenses by December 31 if you are approaching the floor (7.5% of adjusted gross income) for deducting such expenses.
- If your itemized deductions are close to, but currently less than, the standard deduction, you may benefit by grouping your charitable contributions this year. By itemizing in alternate years, you may produce greater tax savings with no net increase in outlay.
- Prepay your 2007 real estate taxes.

Position Yourself for the Future

- Shift some investments to tax-exempt securities. Depending on your marginal income tax bracket, you may actually end up with more disposable income, even with a lower nominal yield.
- Contribute the maximum to your 401(k) — $15,000 for individuals under 50 years of age; $20,000 for those 50 and over.
- Establish a Roth IRA.

Maximize Your Giving Potential Before Year-End

Timing is critical when considering how to maximize your benefit from appreciated assets. Among your options, you may hold the investment hoping it will continue to appreciate or sell to capture your long-term capital gains, incurring a 15% capital gains tax. Depending on one's overall objectives, there are several options:

Avoid Capital Gain – And Its Tax – With a Charitable Gift to Hamilton

You might find minimizing or avoiding gain attractive. When you contribute appreciated property held long-term, real estate or securities, you usually generate a deduction equal to the full fair-market value of the asset. In addition, you do not have to pay tax on any of the capital gain.

Example:

Susan owns stock worth $10,000 that she purchased four years ago for $2,000. If she sold the stock, she would realize a taxable gain of $8,000, which would generate capital gains tax of $1,200 (at the 15% rate).

After meeting with her advisors, she decides to make a gift to Hamilton. The gift will save her $2,800 in income tax (at the 28% tax bracket). By giving the stock directly to the College rather than selling it and donating the proceeds, Susan saves capital gains tax of $1,200.

Sell Some, Contribute Some

You may have appreciated stock you would like to sell, but doing so would result in significant capital gains tax. You should consider contributing some stock to Hamilton and selling some in your account. By doing so, you will avoid capital gains tax on the contributed securities, and the income tax charitable contribution deduction generated by the gift helps to offset the tax due on the recognized capital gain.

Planning Pointer:

If you believe that your stock still has solid growth potential, use it to fund your charitable gift and then use your income tax savings to purchase new shares of the same stock. This strategy re-establishes your position in the stock and increases your basis in the investment to the current fair-market value.

Strategy for Stocks that have Declined in Value

If some of your stock has decreased in value, you may want to sell some shares, generating a deductible loss. A capital loss can offset any amount of capital gain and up to $3,000 of ordinary income each year.

Year-End Planning

Cooler temperatures, leaves changing color, students returning to the Hill — sure signs to prepare for the final quarter of 2006. Have you had a taxable event this past year that you would like to offset through a charitable solution? If you are interested in learning more about how a planned gift to Hamilton may help you with year-end planning goals, please return the enclosed reply card or call Ben Madonia ’74 or Joni Chizzonite at 866-729-0317.

For more information about planned gifts at Hamilton, please go to:

www.hamilton.edu/alumni/plannedgiving

Convert Investments to a Source of Annual Income

You may convert a low-yielding, highly appreciated asset into a source of increased cash flow by making a charitable gift. For example, a charitable remainder trust preserves the entire principal value, produces increased income and generates an income tax deduction.

Example:
Some years ago Bill and his wife bought some acreage for $50,000. Today the property is worth $500,000. Now a widower and retired, Bill wishes to remove the land from his holdings and turn it into a source of income. He is dismayed that a sale at fair-market value would result in a capital gains tax of $67,500 ($450,000 x 15% tax), leaving him $432,500 to invest. Assuming a 6% return, $25,950 of annual income would be generated.

After meeting with his advisors, Bill learned that he can transfer ownership of the land to a 6% charitable remainder unitrust with Hamilton, preserving the entire fair market value. Bill will be entitled to an immediate charitable contribution deduction of $255,145, saving nearly $90,000 in income tax (at the 35% tax bracket), and he will receive quarterly distributions equal to 6% of the trust's market value, as determined annually, perhaps as much as $30,000 in the first year, approximately $4,000 more than if he had sold the property — plus $5,400 from his tax savings.

Joel Bristol Associates of Hamilton College

Hamilton honors planned gift donors or anyone who has made an estate plan provision in favor of the College with membership in the Joel Bristol Associates. Please advise the College if you have included Hamilton in your estate plan or completed a planned gift so you may be recognized as a Joel Bristol Associate.

	Sale	Trust
Fair Market Value	$500,000	$500,000
Cost Basis	50,000	50,000
Capital Gain	450,000	450,000
Capital Gains Tax Rate	15%	n/a
Tax	- 67,500	n/a
Net	$432,500	$500,000
Income (6%)	$25,900	$30,000
Income from tax savings	0	$5,400
Gift to Hamilton College	0	$500,000

Pension Protection Act of 2006

The Pension Protection Act of 2006 allows donors to make charitable gifts from their IRAs and exclude the amount of their gifts from gross income. General guidelines:

- The donor must be 70½ years of age or older;
- The transfer must go directly to Hamilton from the IRA;
- Each taxpayer cannot exceed $100,000 per year;
- Only outright gifts qualify (transfers to charitable trusts or gift annuities do not);
- The Act applies to gifts made in 2006 and 2007; and
- No income tax charitable deduction is allowed.

If you are concerned about estate and income taxes associated with IRA assets, you may be interested in receiving updates on the status of IRA legislation. Let us know by returning the enclosed reply card.

Planning Pointer: For estate planning purposes, it may make a good deal of sense to designate Hamilton as the contingent beneficiary of your IRA.

For information about planned gifts, please go to www.hamilton.edu/alumni/plannedgiving