Eleanor Lenich: Establishing a Legacy of Love

In their retirement, Eleanor and Peter Lenich had a daily routine of breakfast at the CIA’s Apple Pie Bakery Café, sponsored by Rich Products Corporation. During their morning ritual of coffee and pastries, they befriended a large number of faculty, staff, and students at the college. After Peter died suddenly of a heart attack in 2002, Eleanor searched for a proper tribute to the memory of her beloved husband, and she decided to make a planned gift to the CIA. By establishing the Peter Lenich Memorial Scholarship, which her bequest will support, she found that she was not only celebrating Peter’s life, but she was also highlighting the generosity he was known for at the institution he loved.

Peter’s life was filled with passion for cooking, gardening, and making friends. So, when Eleanor offered to create a garden at the CIA, she felt as if she was guided by her husband’s own hand. Peter had also put a priority on helping others ease their economic struggles. To honor that commitment, after having provided for her own family, Eleanor adjusted her will to leave a considerate gift for future CIA students through the Lenich Scholarship. “I am glad to know my contribution will continue after my passing,” she said. “And I hope my story will persuade others to follow with their support.”

Knowing that her contribution will help students like the ones she and Peter encountered in the bakery café and elsewhere on campus leaves Eleanor feeling fulfilled. “I consider myself fortunate to have developed a warm, friendly relationship with the CIA,” she said. “I’m impressed by the genuine kindness of everyone here and by the caliber of the school, and I believe others who become associated with it will have the same experience.”

By meeting the first recipient of Peter’s scholarship, Daniella Rinaldi, Eleanor witnessed firsthand the impact she had on a student’s ability to pursue her dream education. In the years to come, future Lenich Scholars will be able to focus on their education with less financial stress. And once they graduate from the CIA, these students will remember with gratitude the significance their scholarships had on their lives and will be further inclined to give themselves.

Eleanor encourages her family to contribute to Peter’s scholarship rather than buying her holiday or birthday gifts. Recently, she contributed a collection of Waterford crystal to be auctioned during a college event. She also has her cash donations matched by her former employer.

Eleanor’s gifts to the Institute are helping her deal with her grief. She invites others to contribute because of the sense of peace and gratification it has brought her to know that Peter’s legacy will live on. “The school gave me friendship and support after Peter’s death,” Eleanor said. “Now I support the CIA like my second family. It is an honor and a privilege to be associated with the best culinary school in the world.”
Deferred Charitable Gift Annuities: Flexible and Commuted Payments

Charitable gift annuities are a smart way to make a gift to your favorite charitable organization—such as the CIA—because, in addition to providing support to a worthy cause, the charitable gift annuity can be tailored to meet your individual financial needs and timetable for receiving regular payments.

This article focuses on the deferred gift annuity, a variation of the charitable gift annuity, which provides you with additional flexibility.

Deferred Gift Annuities
A deferred gift annuity works like a regular charitable gift annuity except that payments to you are deferred to a later date selected by you. Payments for deferred gift annuities are higher when they actually begin because the organization hasn’t had to pay the annuity for a number of years. As with the traditional charitable gift annuity, you receive a charitable income tax deduction in the year the gift is made. And, capital gains taxes are partially avoided if funded with appreciated securities.

Flexible Deferred Gift Annuities
Many individuals have found that having to choose a specific date in the future to begin receiving payments is difficult. A recent private letter ruling, however, allows an individual to select a date later (not when establishing the gift) to begin receiving payments. As with the traditional gift annuity, the older you are when you receive payments, the larger your payout rate, but your charitable income tax deduction will be the smallest of the options available.

Committed Payments
Another option is to exchange lifetime payments for a lump-sum payment or for installments that can be received during a limited period of time. This is especially popular for donors who wish to help fund college payments.

You can establish a deferred gift annuity and name the student as the beneficiary, with payments to begin at age 18. Before the annuity payments begin, the annuity could be reduced to four or more annual installments, to mirror the student’s years in college. The portion of the payments taxed as ordinary income would be taxed at the student’s lower tax rate. You will not avoid capital gains taxes, however, if the deferred gift annuity is funded with appreciated securities.

Deferred Gift Annuity With Commuted Payments

![Diagram](attachment://deferred_gift_annuity_diagram.png)

- **Grandparent**
  - $25,000 at the birth of the grandchild

- **Charitable Organization**
  - Annual payments of $5,711 each semester for four years: $1,795 tax free and $3,916 taxed at the child’s income tax rate.

Members of the Society of the Millennium attending the Institute’s Annual Meeting in October are pictured. (From left): Eleanor Lenich, Buffy and Herbert Ernest, Hersey Egginton, Maxine and Burton Hobson, Lawrence Gentile, Jane Kalmus, and Julius Wile.

©2005 The Culinary Institute of America and The Stelter Company

recycled paper
Invest in Our Future and Yours With a Charitable Gift Annuity

Establishing a CGA is a wonderful way for you to have control over an investment that can produce secure, steady payments for yourself while providing significant benefits.

A CGA is a gift vehicle that pays you (and an additional annuitant, if you desire) a predetermined amount each year for life. The gift can be established with cash, securities, or other property, and in return you receive fixed annuity payments on a regular basis: quarterly, semiannually, or annually.

There are two types of gift annuities: one begins making payments within a year of the gift; the other—a deferred gift annuity—begins making payments at a future time, at least one year after the gift annuity is established.

The Financial Benefits
Aside from providing a gift to the CIA, your CGA will offer you many personal financial benefits unavailable with typical annuities.

Charitable income tax deduction:
The charitable income tax deduction is approximately 50 percent of the charitable gift annuity and is taken in the year the gift is made for both the regular and deferred type of gift annuity.

Favorable capital gains treatment:
If you make the gift with appreciated property, such as publicly traded securities with a low cost basis, you avoid paying capital gains taxes on the gift portion of the transfer.

Tax-free portion:
The payments you receive may be partially tax-free, whether they commence now or in the future. For gifts established with appreciated property, the income will also be partially taxed at capital gains tax rates.

Lifetime payments: You and a second individual, if a two-life annuity is desired, receive a fixed and secure amount for life. Payments are often higher than yields generated from stocks. Generally, the older the donor, the higher the payment. With a deferred charitable gift annuity, the donor’s age and the time that payments begin will determine the annual amount to be received in the future.

For more information on how the gift annuity can benefit you, please call Mr. Hersey Egginton at (845) 451-1299.
How a CGA Pays You

**Donor Profile**
Mr. Brown, aged 60, currently owns $20,000 in highly appreciated stock, which is producing low dividends. With retirement approaching, Mr. Brown is considering ways to secure his future income.

**Strategy: Reduce Capital Gains**
Mr. Brown establishes a $20,000 charitable gift annuity by donating his highly appreciated stock to his favorite charitable organization. (CGAs may be established for as little as $5,000 to $10,000 at most organizations.)

<table>
<thead>
<tr>
<th>Maximum Recommended Gift Annuity Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ONE LIFE</strong></td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>55</td>
</tr>
<tr>
<td>60</td>
</tr>
<tr>
<td>65</td>
</tr>
<tr>
<td>70</td>
</tr>
<tr>
<td>75</td>
</tr>
<tr>
<td>80</td>
</tr>
<tr>
<td>85</td>
</tr>
<tr>
<td>90+</td>
</tr>
</tbody>
</table>

**Financial Benefits**
- Annuity: $20,000
- Annual Payment for Life: $1,140
- Immediate Charitable Tax Deduction: $5,689*

A great advantage of funding a charitable gift annuity with a donation of highly appreciated stock is the reduction of capital gains tax liability. The 15 percent capital gains tax is eliminated on the gift portion of the transfer. Mr. Brown avoids $2,250 in capital gains tax that he would have incurred if he had sold the securities outright.

**Additional Considerations**
- The charitable organization’s assets secure the payments.
- If the deduction exceeds the annual ceiling, the remainder may be carried over for an additional five years.
- There is no need for legal help or other complicated procedures.

*Assumes a $5,000 cost basis and a 4.6 percent charitable federal midterm rate