

# *Non incautus futuri*

## *Challenge Grant in Memory of Professor Keith Shillington Former Student Dr. E. Darracott Vaughan Jr. '61 Uses the Power of the IRA Charitable Rollover*

**D**r. E. Darracott Vaughan Jr. '61 and his widow, Anne, invited former students of Vaughan's beloved former professor, (James) Keith Shillington, to participate in a challenge grant. Before Vaughan's untimely death on April 22, 2016, the couple made a five-year pledge of \$500,000 to establish the Keith Shillington Summer Research Scholars Endowment. To start it off, they gave a \$100,000 IRA charitable rollover, taking advantage of the new federal ruling that permanently extends this advantageous giving opportunity.

In an interview before his passing, Vaughan fondly recalled how every year on Saint Patrick's Day, Shillington, in a salute to his Irish heritage, had his chemistry class synthesize malachite green. "At the end of the class everything was green, the tables, our lab coats, the tips of our fingers — he had a wicked sense of humor," Vaughan reminisced. The legendary chemistry professor, who taught at W&L from 1953 to 1991, was known as much for his wit as his wisdom, and his students profited by both. "If I could only say one thing about Dr. Shillington," Vaughan observed, "it would be that he was a great mentor who clearly enjoyed spending time with his students."

"I had a difficult sophomore year," he admitted, "and Dr. Shillington made a difference to me personally that year. He made us buckle down and work, but he was there in the chemistry library ev-



*Dr. E. Darracott Vaughan Jr. '61  
and his wife, Anne*

ery week night to answer questions." On his first chemistry exam, Vaughan got 17 out of 100. Neither he nor his fellow students had noticed that each question had a percentage posted next to it. "Most of us only made it half way through the test, and the last question was weighted the most. Dr. Shillington chuckled that the message was you had to pick and choose what you were going to spend your time on," Vaughan recollected.

Vaughan took his mentor's advice to heart; despite those early setbacks, he pursued his dream of becoming a physician. He credits Shillington's recommendation with getting him into medical school. After graduating from W&L, he earned his medical degree from the University of Virginia, where during his residency he received a training grant en route to his M.S. in surgery. He was a special fellow in

urology under the Public Health Service at Columbia-Presbyterian, then returned to UVa, where he received an NIH research career development award.

In 1978, Vaughan joined the faculty at Cornell University Medical Center, as the James J. Colt Professor and chair of urology and senior associate dean of clinical affairs at Weill Cornell Medical College, and as urologist in chief at New York-Presbyterian Hospital. He made several important contributions to the field of urology and served as president of the American Urological Association, the American Board of Urology and the American Foundation of Urological Diseases.

"My major takeaway from my educational experience at Washington and Lee is the importance and benefit of a liberal arts education," he reflected. "Aside from pre-med courses, I took many others that broadened my scope, including sociology, religion, psychology and English, which stood me in great stead in an academic career that included writing and public speaking." Vaughan wrote and co-authored over 350 scientific articles and more than 100 book chapters.

"Dr. Shillington helped me learn how to make real contributions," he acknowledged. "There must be a cadre of past Shillington students who, as I, owe their careers to him. This is not so much a gift as an appreciation for what Dr.

*(continued on pg. 2)*



*Dr. Shillington, 1984*

Shillington did for all of us. Funding a mentorship program seems a particularly fitting way to remember him. We will match dollar for dollar up to \$500,000, which would give us a million for the endowment. But hopefully once the ball is rolling, we will raise even more than that.”

The university is deeply grateful to

Vaughan for his passion, foresight and munificence. It is with deep regret that we share the news of his passing.

For more information on IRA charitable rollovers and other life income gifts, please contact Margie Lippard in the Office of Gift Planning at (540) 458-8902 or at [mlippard@wlu.edu](mailto:mlippard@wlu.edu). Information can also be found at [go.wlu.edu/giftplanning](http://go.wlu.edu/giftplanning).

## IRA Charitable Rollover Gifts Permanently Extended

### Use Your Traditional IRA to Make Your Charitable Gifts

The IRA Charitable Rollover provides you with an excellent opportunity to make a gift during your lifetime from an asset that would be subject to multiple levels of taxation if it remained in your taxable estate.

#### To qualify

- You must be age 70½ or older at the time of the gift.
- Transfers must be made directly from a traditional IRA account by your IRA administrator to Washington and Lee University. Funds that are withdrawn by you and then contributed do NOT qualify. Gifts from 401k, 403b, SEP and other plans do not qualify.
- Gifts must be outright. Distributions to donor-advised funds or life-income arrangements such as charitable remainder trusts and charitable gift annuities do not qualify.

#### Benefits — qualified charitable distributions

- Can total up to \$100,000.
- Are not included in your gross income for federal income tax purposes on your IRS Form 1040 (no charitable deduction is available, however).
- Counts toward your required minimum distribution for the year from your IRA.

#### Example

Suppose John wants to make a contribution to Washington and Lee University. He has \$500,000 in his IRA and he wants the contribution to be \$20,000. He can authorize the administrator of his IRA to transfer \$20,000 to Washington and Lee University and \$5,000 to himself. The \$20,000 distributed to Washington and Lee University will not be subject to federal tax and will be counted toward his annual minimum required distribution.

As you plan your required minimum distributions for this year, if you do not need the money the government is requiring you to take, consider using it for a charitable gift using the IRA Charitable Rollover.

#### Questions and answers

H.R. 2029, the Protecting Americans from Tax Hikes Act of 2015 permanently extended the IRA Charitable Rollover. Originally passed in 2006 as part of the Pension Protec-

tion Act, the IRA Charitable Rollover allows individuals age 70½ and older to make direct transfers totaling up to \$100,000 per year to 501(c)(3) charities, without having to count the transfers as income for federal income tax purposes.

**Who qualifies?** Individuals who are age 70½ or older at the time of the contribution (you have to wait until 6 months after your 70th birthday to make the transfer).

**How much can I transfer?** \$100,000 per year. The provision no longer has an expiration date.

**From what accounts can I make transfers?** Transfers must come from your IRAs directly to Washington and Lee University. If you have retirement assets in a 401k, 403b etc., you must first roll those funds into an IRA, and then you can direct the IRA administrator to transfer the funds from the IRA directly to Washington and Lee University.

**To what charities can I make gifts?** Tax exempt organizations that are classified as 501(c)(3) charities, including Washington and Lee University, to which deductible contributions can be made.

**Can I use the IRA Charitable Rollover to fund life-income gifts (charitable gift annuities, charitable remainder trusts, or pooled income funds), donor advised funds or supporting organizations?** No, these are not eligible.

**How will Washington and Lee University count the gift?** We will give you full credit for the entire gift amount.

#### What are the tax implications to me?

- Federal — You do not recognize the transfer to Washington and Lee University as income, provided it goes directly from the IRA administrator to us; therefore, you are not entitled to an income tax charitable deduction for your gift.
- State — Each state has different laws, so you will need to consult with your own advisors. Some states have a state income tax and will include this transfer as income. Within those states, some will



allow for a state income tax charitable deduction and others will not. Other states base their state income tax on the federal income or federal tax paid. Still other states have no income tax at all.

**Does this transfer qualify as my required minimum distribution?** Once you reach age 70½, you are required to take minimum distributions from your retirement plans each year, according to a federal formula. IRA Charitable Rollovers count toward your minimum required distribution from the IRA for the year.

**Can my spouse also make an IRA Charitable Rollover, even if we are married and file jointly?** Yes, every individual can use the IRA Charitable Rollover for up to \$100,000 each year.

**How do I know if an IRA Charitable Rollover is right for me?**

- You are at least age 70½, and:
- You do not need the additional income necessitated by your minimum required distribution, OR

- Your charitable gifts already equal 50% of your adjusted gross income, so you do not benefit from an income tax charitable deduction for additional gifts, OR
- You do not itemize deductions, OR
- You are subject to income phase-outs on your income tax deductions.

**What is the procedure to execute an IRA Charitable Rollover?** We offer a sample letter you can send to your plan provider to initiate a rollover. Make sure that you contact us when you direct the rollover so we can look for the check from your IRA administrator.

For more information, please contact us.

**Important:** Be sure to check with your financial advisor to determine whether this provision is right for you. This information is not meant as tax or legal advice.



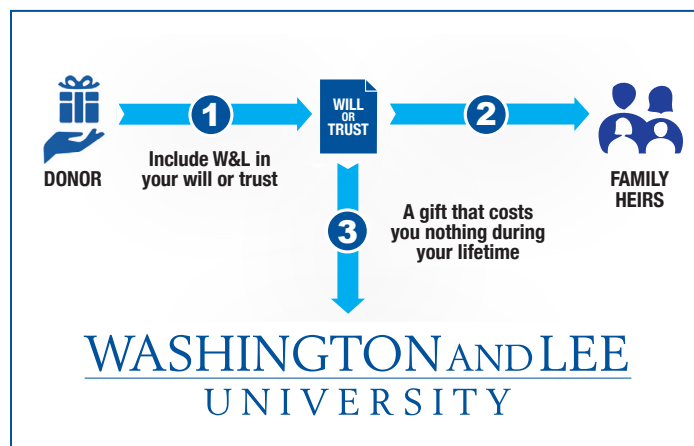
## Gifts from Your Will or Trust

### How It Works

- Include a gift to Washington and Lee University in your will or trust.
- Make your bequest unrestricted or direct it to a specific purpose.
- Indicate a specific amount or a percentage of the balance remaining in your estate or trust.

### Benefits

- Your assets remain in your control during your lifetime.
- You can modify your gift to address changing circumstances.
- You can direct your gift to a particular purpose (be sure to check with us to make sure your gift can be used as intended).
- Under current tax law, there is no upper limit on the estate tax deduction for your charitable bequests.



Please let us know if you have already included Washington and Lee University in your estate plan or if you are considering doing so. We would love to hear from you.



### *Non incautus futuri*

*is a periodic financial and charitable planning newsletter published by the Office of Gift Planning at Washington and Lee University. Non incautus futuri, not unmindful of the future, is the University's motto. The information in this newsletter should not be considered legal, accounting or other professional advice. We at Washington and Lee recommend that you consult with your attorney, accountant and/or other professional advisor(s) about the applicability of the information in this publication to your personal situation.*

OFFICE OF GIFT PLANNING  
WASHINGTON AND LEE UNIVERSITY • 204 WEST WASHINGTON ST.  
LEXINGTON, VA 24450-2116 • 540-458-8902  
MLIPPARD@WLU.EDU

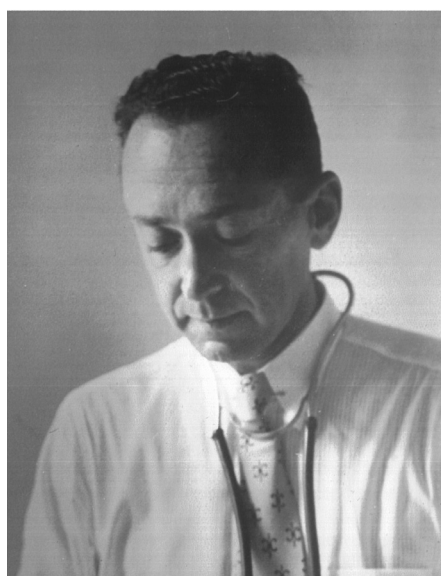


*Dr. George H. Carr Jr. '28*

## *Anne Scott Carr How Kept Her Husband's Alma Mater at the Top of Her List*

When Anne Scott Carr How, the widow of Dr. George H. Carr Jr. '28, passed away March 23, 2015, she left a substantial bequest to Washington and Lee. Until his death in 1982 at the age of 74, Carr had been a respected physician in Portsmouth, Virginia. He was a member of the Portsmouth Academy of Medicine and had served as its president. He served on the staff at the Maryview and Portsmouth General hospitals, was a past president of the Portsmouth General staff, and was a former director of Central Fidelity Bank.

The couple credited much of Carr's success to the time he spent at Washington and Lee. He graduated summa cum laude and Phi Beta Kappa from W&L before continuing on to medical school at the University of Pennsylvania. "George was a respected practicing physician and a skillful investor who actually bought and held stock in certificate form without the aid of a broker," noted Gregory R. Davis, How's estate attorney and longtime family friend. After Carr's death, his wife held onto his investments, and the dividends sustained her comfortably through the rest of her life.



*"George was a respected  
practicing physician  
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*—Gregory R. Davis*

"It was always very important to Anne to make a substantial bequest to Washington and Lee," said Davis. "Although Anne and George had no children, she did have relatives who were very important to her. She loved the individual beneficiaries in her will, but both the Portsmouth Museum Foundation and Washington and Lee were of great significance to her. She felt it imperative that she make a contribution to support these institutions. This was Anne's idea, and she stuck to it through various iterations of her will. W&L was always at the top of the list."

The university was deeply grateful to be remembered in How's estate plans. She made her gift unrestricted, and the trustees determined that her bequest should be split between supporting the Spring Term and the Colonnade renovation. "In many ways, she gave us two gifts," observed Margie Lippard, associate director of gift planning, "the be-

quest itself and the opportunity to designate it in such a way as to align with W&L's strategic priorities."

For more information on how to include W&L in your estate plans, please contact Margie Lippard in the Office of Gift Planning at (540) 458-8902 or at [mlippard@wlu.edu](mailto:mlippard@wlu.edu). Information can also be found at [go.wlu.edu/giftplanning](http://go.wlu.edu/giftplanning).

