

Case Study—Mrs. Architect

Mrs. A, an architect, age 60, is on the board of directors of Children’s Home. (CH). CH is in the midst of a campaign and has asked Mrs. A for a campaign gift. She is widowed and has two adult children ages 30 and 35. She owns an office building she and her deceased husband bought 25 years ago. She has been widowed for a long time and has raised her children alone. As an architect for a company, she has a salary of \$150,000 and a small 401(k) account of \$170,000. She owns her residence free and clear and has a small amount of other savings, about \$150,000 in ETFs.

She has responded that she is looking at her planning for retirement at age 72, when her salary will stop, and that she therefore can only afford a gift of \$10,000 from savings. Her only major asset, the office building, must provide her retirement income and inheritance for her children.

After discussions with her, you think about how to structure a planned gift and decide to suggest working on it with her. You tactfully ask her if she has considered any exit strategy for the building in her retirement. You gently ask how she will handle as she gets older the

- 3 Ts (tenants, toilets and trash)

- Leases

- Property manager who needs management

- Move outs, and make ready’s

- Marketing and concessions to new tenants

- Insurance

- Company (lessee) unexpected failures

- Maintenance and upkeep to new city codes

- Upgrades to the 40-year-old building for ADA compliance

- Wear and tear expenses in addition to regular operating expense

And maybe you ask if the children (either or both of them?) have desire or expertise to operate an office building?

Or could she imagine having check directly deposited into her checking account for the same amount of money with none of the ongoing problems above?

What if she could give \$1 million to her kids, \$1 million to CH and still have \$80,000/year or more in income in retirement?

Would she be willing to consider a plan?

She replies she has five needs if she would consider it:

- (1) Sufficient retirement income
- (2) Current deductions
- (3) Gift to both children so they have down payment funds towards houses now
- (4) Significant gift to children for inheritance
- (5) Nice size campaign gift would be welcome, too.

You sharpen your pencil and call your advisors for help. What can you come up with?

See charts.