Deliberate and Dedicated Philanthropy

Ellen and Peter Zane are dedicated to making the world healthier and safer, and they are being deliberate about their philanthropic goals. Not only are they both intimately involved with the Harvard Chan School, they recently created a planned gift—through a vehicle called a charitable remainder unitrust (CRUT)—which is a gift trust for the School that will provide financial aid to students in perpetuity.

Both Peter and Ellen have had remarkable business careers. Peter joined the Kryptonite Lock company, a family business, in its formative days and attended law school at night. His “Eureka moment” of creativity occurred during a trusts and estates class in law school, when he started doodling out of boredom. His

Continued on page 2
Ellen and Peter Zane continued from page 1

doodles turned into the proprietary aspect (the invention) of the K-4 lock, which became a market standard in the bicycle and motorcycle industries.

“We still have the original doodle,” Ellen says with a smile. The famous K-4 lock won many awards for design excellence over the years, including the Good Design Award from Japan, and is included in the permanent design collection of the Museum of Modern Art in New York.

Peter states that a formative time of his life was a trip he and Ellen took abroad in the late ’70s to introduce Kryptonite locks to Europe. “Not only was there amazing acceptance of our product,” he says, “but being exposed to such cultural diversity and learning from a diaspora of humanity was a wonderful life experience. Thank you, bicycle thieves!”

He notes, however, that the highlight of his business was the people he worked with. “It was the employees who built Kryptonite,” he says, “and it was a privilege to work with each and every one of them.”

Ellen credits Peter with knowing how to take material risks in business. She also saw the value of branding, marketing, and learning how to innovate. These were key takeaways from the Kryptonite business.

Ellen holds a graduate degree in audiology and speech pathology. Her career path led her to serve as CEO of Quincy Hospital in Quincy, Massachusetts. She then became the founding president of the Massachusetts-based Partners Community Health Care (the Partners network of doctors and hospitals) and later went on to become president and CEO of Tufts Medical Center and Floating Hospital for Children. She was the first female CEO in the 221-year history of the Medical Center and shepherded it
from the product of a failed merger in the mid-1990s to a profitable organization. Ellen was recruited to Tufts Medical Center by Lawrence S. Bacow, JD ’76, MPP ’76, PhD ’78, the former president of Tufts University and the new president of Harvard. Of Bacow, she says, “He is a mentor and the best university president on the planet, hands down.”

Ellen attributes her rise in the men’s world of CEOs to her father’s wishing for sons. Instead, he got two girls. Ellen remembers that her father wanted his daughters to play baseball. “We just were not interested,” she says. “Instead, he taught us how deal with any curve ball that was thrown our way in the world of business. We were prepared to take risks, be tough, work hard, and do well at what no one else wanted to do.” Both women excelled; Ellen’s sister created a very successful publishing company.

Ellen now serves on several corporate boards, including Boston Scientific, Brooks Automation, Haemonetics Corporation, Fiduciary Trust Company, Agnovos Healthcare, and nThrive, Inc. She is vice chair of the board of trustees of her alma mater, George Washington University, and is chair of Wellforce, the parent company of Tufts Medical Center. She is also a regular lecturer at the Harvard Chan School. In Spring 2019, she will be program director for the course “Women on Boards—Getting On and Adding Value.”

“She was and will always be driven,” beams Peter, looking at Ellen with pride. “Her work ethic is remarkable.”

Peter now spends time working on various nonprofit boards in the community. He serves on the board of Community Servings, helping critically ill people receive the medical nutrition they need; was formerly board chair of Crittenton Women’s Union (rebranded to Empath); and is associated with the Schwartz Center for Compassionate Care, as well as Rogerson Communities. He’s a member of the Nutrition Roundtable at the Harvard Chan School and loves the interaction with the students and faculty. “We learn the newest developments and research in nutrition and interact with leaders in the community,” he says. As the family chef, he enjoys implementing those discoveries to create healthy meals.

When the time came in their lives to consider their philanthropic goals, Ellen and Peter sought counsel from their financial advisers and estate attorney. The couple learned how to turn stock into a gift trust, which would give them a tax deduction, create no capital gains tax (because they didn’t cash out the stock), offer an income for life, and still have a formidable remainder for the charity of their choice.

“Part of it was that there was an opportunity to be generous and mitigate a tax liability at the same time,” Ellen explains. “A charitable remainder unitrust [CRUT] was an ideal solution.

“We created two trusts for the nonprofits we believe in. Our current income from the trust is turned into cash, and we can donate it to current-use gifts if we want. For example, we can give to the Nutrition Department from Peter or the Department of Health Policy and Management from me. The trust is a good vehicle for capital campaigns that the organization can value as long as we make it irrevocable. The organization can book it,” she says thoughtfully.

Their gift to the Harvard Chan School qualified them for membership in the 1913 Society, and Ellen and Peter’s determination to make a difference by establishing their endowed, named financial aid fund will leave a lasting legacy for public health.

**Ellen and Peter Zane are dedicated to making this world healthier and safer.**

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**GIFTS OF STOCK—NO CAPITAL GAINS**

Giving appreciated securities to the Harvard Chan School is a wise choice because you do not pay capital gains, you support a healthier world, and it is very easy for you and your broker.

**Please follow these instructions:**

1. Call or e-mail Judi Taylor Cantor at 617-432-8071 or jtcantor@hsph.harvard.edu to let her know how many shares and the stock name(s) that are being sold, and what program or fund at Harvard Chan School you are giving to.
2. Have your broker call 866-845-6596, Harvard Management Company, to transfer the stock, telling them that this is a gift for the Harvard Chan School.
LENDING TO HARVARD
Why Consider the Charitable Lead Trust?

A charitable lead trust (CLT) is a unique planning tool that provides an important gift to the Harvard Chan School and helpful tax benefits to the donor. With a lead trust, the charitable contributions precede (or “lead”) the disbursement of the trust remainder. What is left after the charitable contributions are completed goes to the beneficiaries. Specifically, a lead trust established to benefit the Harvard Chan School pays an annual income to the School for at least 10 years, and then passes the remaining trust assets to the grantor (the donor who sets up the trust) or to other non-charitable beneficiaries (typically family members) at the end of the trust term.

In a nutshell, there are two broad categories of charitable lead trusts.

1. A **grantor lead trust** is an inter vivos (non testamentary) trust, in which the trust assets are given back to the donor (the grantor) or the donor’s spouse when the payments to the charity end. It is designed to produce an immediate income-tax deduction to the donor.

2. A **non grantor lead trust** is designed to take advantage of the gift and estate tax deduction available to the trust to minimize transfer taxes when the trust remainder goes to beneficiaries such as family members. It does not provide an income-tax deduction for the donor. However, there are no gift or estate taxes.

**EXAMPLE:** Elisabeth is vice president of field operations for a global architectural and engineering firm. She recently received a $1 million bonus in acknowledgment of a years-of-service anniversary and the under-budget completion of a major building project. Since the bonus is currently taxable, she wants to generate a substantial tax deduction this year.

Working with her advisers and gift-planning professionals, she uses the $1 million to fund a charitable lead trust with the Harvard Chan School to create an endowed fellowship fund. The trust will pay the School 5% annually, or $50,000 per year, for a period of 10 years. The benefits to Elisabeth include:

- the satisfaction of making an immediate impact at the Harvard Chan School and receiving membership in the 1913 Society
- creating an endowed, named fellowship that will reward scholars with financial aid in perpetuity
- a current income-tax charitable deduction based on the value of the gift—approximately $229,000 based on an applicable federal rate of 3.0%
- reversion of the trust assets to Elisabeth at the end of the 10-year period.

**BENEFITS FOR A DONOR’S HEIRS**
A non grantor CLT appeals to donors who wish to provide for heirs and guard against the impact of estate and gift taxes.

**EXAMPLE:** Martin uses $5 million to fund a CLT with the Harvard Chan School. The School will receive 5% of the value—or $250,000—each year for 10 years.

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**Charitable Lead Trust**

Grantor transfers cash or property to the trust

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<thead>
<tr>
<th>CLT</th>
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<tr>
<td>Annual income to Harvard Chan School for a term of years</td>
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<tr>
<td>Remainder to grantor or designated beneficiaries</td>
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A Gift in Your Will or Trust

A simple and effective way to make a personally meaningful gift is to include the Harvard Chan School in a will or living trust. In addition to supporting the School’s work, you set an example that encourages others and expresses the values that are important to you.

There are many options to choose from when deciding how to make a gift in your will or trust. You can allocate:

- a percentage of your estate
- a specific amount
- your residual estate—what is left after all other obligations have been met (costs, debts, taxes, and other specific designations)

Examples are for illustrative purposes only.

LANGUAGE FOR A GIFT IN YOUR WILL, IRA BEQUEST, OR TRUST

A bequest to support the work of the Harvard Chan School should be directed to: The President and Fellows of Harvard College for the Harvard T.H. Chan School of Public Health, Tax ID#04-2103580, 124 Mt. Auburn Street, Cambridge, MA 02138.

After that period, his children will receive the trust remainder. Martin’s gift qualifies for a federal gift tax deduction based on the present value of the gift the School is to receive. Perhaps more important, any growth in trust assets will pass to Martin’s children free of gift or estate tax. If assets grow substantially over the 10-year period, the tax savings for heirs can be quite significant.

A donor may use different assets to set up a lead trust with the Harvard Chan School. You may donate appreciated stock or other assets to create the trust. The School’s director of planned giving, Judi Taylor Cantor, works with you and the School’s attorneys to ensure an easy and efficient process. There are no fees associated with the trust administration. We can help you and your advisers explore these and other options for making an impact at the Harvard Chan School. Contact Judi at jtcantor@hsph.harvard.edu or 617-432-8071.

Examples are for illustrative purposes only.
1913 Society Annual Luncheon
May 21, 2018

SPECIAL PRESENTATION
Resilience: Trauma, Guns, and DNA

On a beautiful Monday, the 1913 Society hosted more than 125 donors and guests at the Charles Hotel in Cambridge. A delicious lunch was followed by an engaging discussion on “Resilience: Trauma, Guns, and DNA.”

The timely presentations were led by 1913 Society co-chairs Professor Barry Bloom and Dr. Timothy Johnson, MPH ’76 (Dr. Tim). Panelists included graduate student Morissa Sobelson, DrPH ’19; Professor David Hemenway, AB ’66, PhD ’74; and Professor Karestan Koenen. If you would like access to the presentations, please contact Judi Taylor Cantor at jtcantor@hsph.harvard.edu or 617-432-8071.

SAVE THE DATE FOR NEXT YEAR’S 1913 SOCIETY LUNCHEON:
Monday, May 20, 2019

Professor David Hemenway discusses suicide rates related to gun ownership.

Laurent H. Adamowicz, ALI ’10 asks about gun control issues.
1913 Society Roster

When you create a bequest, life-income gift for yourself or other loved ones, or any other type of planned gift for the Harvard T.H. Chan School of Public Health, you automatically become a member of the 1913 Society—named for the founding year of the Harvard Chan School. New members of the 1913 Society receive a lapel pin and a special welcome packet, and all members receive invitations to exclusive events and news on a quarterly basis. We are proud that the donors listed below have deemed the Harvard Chan School worthy of a planned gift. Thank you for making the future of the Harvard Chan School a part of your legacy.

Anonymous (14)
Don Abramowitz, SM ’82
Joanne H. Allport, MPH ’87
Nelson K. Aweh III
Yalcı̇n Ayasli, SD ’73
Joan R. Baer and Arthur Bugs Baer
Amy C. Barkin, MPH ’76
Dr. Susanna E. Bedell
Judith Benfari and
Robert C. Benfari, SM ’67
Terry M. Bennett, MD ’64, MPH ’69
Eugene P. Berg, Jr.
Rita D. Berkon, SM ’77, and
Randolph B. Reinhold
Mrs. William McCormick Blair, Jr.
Stanley P. Bohrer, MD ’58, MPH ’75
Barry R. Bloom
Mrs. William McCormick Blair, Jr.
Paul S. Lee, Jr.
Dr. Lucian L. Leape, MD ’59
Martha P. Leape and
Mary Ann Lavin, SM ’74, SD ’78
Stanley N. Lapidus
Karim F. Lalji, SM ’91
Geoffrey Kronik
and Peggy D. Gilbert
Leonard J. Kirschner, MD, MPH ’68,
Maurice E. Keenan, MPH ’77
Stephen B. Kay, AB ’56, MBA ’58
Joel Kavet, MPH, ScD ’72
Dr. Charles H. Hennekens, MPH ’72,
Francis Helminski, MPH ’85
Dr. Barbara A. Gales, MD, MPH ’91
Edward Crocker Green, PDS ’02
Lt. Cmd. Julie George, MPH ’94
L. Santiago Medina, MD, MPH ’97, and
Olga L. Villegas-Medina, MD, MPH
Nika Friedberg and A. Alan Friedberg
Dr. Grace Hoaglin, MD, MPH ’94
James F. Henry
Jose R. Hernandez-Montoya, MPH ’80
Dr. Chander Mukhi Kapoor Kapasi
Howard Hu, MPH ’82, SM ’86, SD ’90
Dr. Ping Hu, SM ’93, SD ’96, and
Mr. Jie Zhao
Dr. Grace Hoaglin, MD, MPH ’94
Joan L. Jacobson and
Professor John A. Quelch, SM ’78
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Professor John A. Quelch, SM ’78
Thomas G. White, SM ’52
Ronald A. Walter, SM ’72
Joan Smilow and Joel E. Smilow
Marilyn R. Walter and
Michael W. Voligny
Hasi Majumdar Venkatachalam,  MPH ’68
Valadian, MPH ’53
Ruth F. Snider and Eliot I. Snider
Isabelle
Dr. Hope Snider, MPH ’64
Dr. Katharine E. Morley, MPH ’10, and
Michael G. Morley, SM ’11
Dr. Robert Emmet Morris, MPH ’86 and
Angela Diana Morris
Lois H. Moser and
Royce Moser, Jr., MPH ’65
Marva Nathan, SM ’83
Deirdre O’Connor, MPH ’63
Chong Moo Park, MPH ’54
Robert O. Preyer and Mary Preyer George
Putnam
Joyce A. Quelch and
Professor John A. Quelch, SM ’78
Kakaraparti V. Rao, SM ’72
Christopher James Ronk, SM ’08, SD ’10
Donald J. Rosato, MD, MPH ’63
Phyllis Rose
Louise G. Schoerb and Paul R. Schoerb
Marjorie W. Sharmat
Bernard Shleien, SM ’63
Eleanor G. Shore, MPH ’70, and
Miles F. Shore
Joan Smilow and Joel E. Smilow
Sandi Snegireff
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Thomas G. White, SM ’52
Dyann F. Wirth and Peter K. Wirth
Dr. James Wittmer
Ellen M. and Peter L. Zane
Anthony J. Zangara, MPH ’62
Thelma Zelen
Your Will Is a Tangible Last Word

William V. McDermott, grandfather of Shaw McDermott, AB ’71, graduated in the Harvard Medical School class of 1896. He became a neurologist. Shaw’s father, William V. McDermott Jr., graduated from Harvard College in 1938 and from the Medical School in 1942. Shaw decided to study law.

“My father went off to Exeter at age 16 knowing he wanted to go to medical school and be a surgeon. I developed a passion for history and politics and the interplay of the legal system with those disciplines,” Shaw says humbly as he explains his choice of a law career. His formative years occurred during the 1960s, with their explosion of groundbreaking litigation, including the Civil Rights Act and the Voting Rights Act. As a teenager, he marched with Martin Luther King, Jr.

Shaw’s appetite for politics led him to become one of the first seven members of the Barack Obama for President steering committee in New England. One particular moment in the campaign sticks with him: “When I was canvassing in Green County, in the foothills of the Blue Ridge Mountains in Virginia, I came upon a family having a gathering in the hollow,” says Shaw. “This group of people was not disposed to vote for Obama. But among them was a young man, a Marine veteran, who had returned from Iraq. His family and friends were absolutely stunned to hear him express why he felt that Obama would be good for this country. He and I had a wonderful conversation, and I felt that I had done something—even in a very small way—that was good not only for the candidate, but for the country as well.”

After Obama’s victory, Shaw was appointed to the Metropolitan Washington Airports Authority, the second-largest contributor to GDP in the metropolitan region behind the federal government. He has chaired the board twice.

Shaw’s late father—the former Cheever Professor of Surgery at Harvard, chair of the Deaconess-Harvard Surgical Service, and highly decorated World War II veteran (survivor of Omaha Beach and helpful liberator of the Ebensee concentration camp)—used to tell him that “the great breakthroughs in health occurred significantly as a consequence of public health, rather than medicine or surgery.” That insight was the foundation of Shaw’s desire to support the Harvard Chan School—that and the invitation to join the School’s leadership council, received from his good friend Stephen Kay, AB ’56, MBA ’58, also a member of the 1913 Society.

Shaw believes that philanthropy is transformative. “Service to one’s fellow human beings is the core of the ethic that was part of my religious upbringing,” he says. “That ethic said: where we can offer services, we add richness to our lives; if we can make contributions that would be good for others, too—in the aggregate, these can have an impact.”

He has created a bequest for the School in his will and says, “That’s a tangible last word, if you will…part of the last breaths you’re giving to the world.” He believes that planned giving makes a lot of sense, in that it allows donors to express themselves through a wide range of vehicles such as trusts, annuities, and individual retirement accounts. “It was more practical for me to do it with my will,” Shaw notes with pride. It is a tribute to great breakthroughs in public health.
“I’ve Been Blessed”

Years ago, Dean Howard Hiatt of the Harvard School of Public Health convened an alumni meeting in Washington, D.C., and asked the audience how many of them went into public health after getting their graduate degrees. Dr. Manning Feinleib enthusiastically was one of those who raised their hands, and he’s so happy about that.

Since his graduation as an MD from SUNY Downstate and an MPH ’63 and DrPH ’66 from the Harvard Chan School, Dr. Feinleib has devoted his career to research in chronic disease epidemiology, directing national health surveys, publishing extensively, and teaching epidemiology and biostatistics.

After receiving his DrPH, he joined the National Institutes of Health, where he rose to Associate Director for Epidemiology and Biometry at the National Heart, Lung, and Blood Institute. There he directed the Framingham Heart Study and established the Framingham Offspring Study. In 1987, he was appointed Director of the National Center for Health Statistics, where he was responsible for the nation’s vital statistics system and numerous health surveys. Upon retiring from federal service, he was appointed Professor of Epidemiology at the Johns Hopkins Bloomberg School of Public Health, continuing as Adjunct Professor after his retirement. During his career, Dr. Feinleib has received numerous professional awards, including election to the National Academy of Medicine and receiving the Presidential Meritorious Executive Rank Award twice.

“I have been thrice blessed,” he says. “I am blessed with a wonderful family and have survived several serious illnesses. I feel that I’m one of the luckiest guys in the world.”

His recent generous gift to the Harvard Chan School was a distribution from his Individual Retirement Account (IRA). “I’m very fortunate that I’ve had a smooth and rewarding career,” he says humbly, “and I want to contribute to financial aid at the Harvard Chan School for others to be able to have such a great preparation for public health service.”

Giving an IRA “rollover” is as easy as determining how much to give, asking the IRA custodian to send the pre-printed letter that the planned giving director at Harvard Chan School will provide, and letting her know the gift is on its way and the name of the custodian. When an IRA rollover is given, the donor does not have to pay the distribution tax, and the gift is credited for the full amount to acknowledge the donor.

In addition, the donor becomes a member of the 1913 Society.

“Life is all a web of events,” Dr. Feinleib says as he enters a classroom at American University to take a law course. “I’m grateful for the experiences.”
Giving Strategies After the 2017 Tax Law

Much has been made of the tax law changes in the Tax Cuts and Jobs Act passed in December 2017. Fortunately, key tax code provisions continue to affect charitable giving in favorable ways. In other words, friends and supporters of the Harvard Chan School can still enjoy the important tax benefits that accompany meeting charitable goals.

The Alternative Minimum Tax

New Minimums

In 1969, a new law created a parallel universe of sorts for “wealthy” taxpayers. In addition to the standard income-tax calculation process, individuals earning above a designated amount also became subject to the alternative minimum tax (AMT). This tax was specifically designed to prevent wealthy individuals from escaping income-tax liabilities through the

SNAPSHOT: THE NEW TAX LAW AND CHARITABLE GIVING

The Tax Cuts and Jobs Act (TCJA) cut tax rates. How those tax cuts play out, however, depends on family size, available deductions, and income. Here are the most notable considerations that will affect personal planning.

- The standard deduction is substantially higher. Fewer people will itemize their taxes, and the majority of taxpayers will enjoy a standard deduction that is equal to or greater than deductions they would be eligible for if they itemized. Some donors may benefit from a strategy called bunching, which is maximizing charitable gifts in a specific year to benefit from itemized deductions.

- The amount of charitable contributions made in cash that can be deducted in any particular year has been increased from 50% of adjusted gross income to 60% of adjusted gross income. This is particularly helpful for donors making a large, legacy-shaping gift.

- Gifts of retirement assets (including charitable distributions from an IRA for those age 70½ or over) and life-income gifts (charitable gift annuities and charitable remainder trusts) remain particularly attractive charitable giving options.

- The 3.8% net investment income tax remains in effect for high-income taxpayers, which means strategic charitable giving continues to be important for these taxpayers.

- The alternative minimum tax (AMT) remains, but with a higher exemption amount.

- Corporate income-tax rates are significantly reduced, and certain pass-through corporations will also enjoy a tax reduction.

continued
What You Need to Know

The AMT is somewhat complex, in that many variables come into play when determining the tax, and some items that are deductible under the regular tax system are NOT deductible for determining the AMT. If a taxpayer has substantial deductions under the regular tax system that are not allowed when determining the AMT, then it is likely that this individual’s AMT will be greater than the “regular” income tax.

To compute your AMT, add all deductions to the adjusted gross income (AGI), then deduct:

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<tbody>
<tr>
<td>$70,300</td>
<td>if unmarried individual</td>
</tr>
<tr>
<td>$109,400*</td>
<td>if married, filing jointly</td>
</tr>
</tbody>
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*This phases out at $1 million.

What remains is called AMTI. Then multiply 26% of AMTI up to your AGI of $191,500 or 28% above $191,500 if filing jointly. You pay the higher amount of AMTI vs. the other computed tax on the adjusted gross income.