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Donor and Dentist Philip Menna Loves to Make People Smile

Whether it's a toothy grin or a silly smirk, Philip Menna loves to make people smile. Menna has practiced dentistry for more than 30 years and has dedicated his life to people's pearly whites.

Menna, who grew up in the Bronx, was a high schooler at All Hallows when he first thought about being a dentist after talking to his own dentist. Menna says he liked the idea of seeing his name on the door and on the charts and loved the idea of being his own boss.

He later went to Syracuse University and continued his education at Georgetown University's School of Dentistry. He owned a dental practice in New York for 12 years before moving to San Diego in 1969.

When Menna first came to the University of San Diego in the early 1970s, he said it immediately reminded him of All Hallows, where out of respect for the school's history, students also had a tradition of not walking on the seal on the floor of the school's entrance — the same way USD students avoid the seal in the foyer of Maher Hall.

Over the years, Menna has been very involved at USD. He's attended Mass at Founders Chapel and celebrated the Christmas Eve midnight Mass in The Immaculata. He watched as Bob Dole and Bill Clinton faced off in a 1996 presidential debate and has been involved with the Bridges Academy Lecture Series. In the mid-1990s Menna gave a planned gift to the University of San Diego through a charitable remainder trust.



USD Planned Giving donor Dr. Philip Menna

"I fell in love with the campus," says Menna, whose granddaughter will graduate from USD in May. "I knew that if I ever got to a point where I could leave money to a school it would be USD."

Menna owned a dental practice on Park Boulevard from 1971 to 1998 and retired — thinking it was time to travel and do other things. Eventually, he realized he missed working with patients and reopened

his practice in March 2011. Menna has always been involved in community service. In New York, he initiated a Helping Hands program that offered free dental services to children. For many years he was a pilot and, once he moved to San Diego, he flew with an organization called the Flying Samaritans that would fly in to remote areas of Baja California, Mexico, and provide free dental care to children.

Today, he's still giving back. He is a mentor to SDSU student Natalia Zora, who will graduate in 2013 and plans to study dentistry.

Zora has been shadowing Menna in the office and in the community for nine months and on Wednesdays the two volunteer at St. Leo's Mission in Solana Beach where they provide free services to people who can't afford dental care.

"Sometimes the patients are embarrassed or anxious and they talk with a hand over their mouth," Menna says. "We relieve their pain. We attend to their most urgent needs. But when you're finished and you see them smile so broadly their whole personality changes. They brighten up and become more extroverted. It's extremely gratifying. Helping people is why I became a dentist."

A Smart Plan for the Sale of a Highly Appreciated Apartment Building

By John A. Phillips

Savvy real estate investors are always looking for bargains. Many would probably agree that there are many bargains available in today's market. I remember another time when real estate was a bargain — in the 1980s and the early 1990s. Those who bought income properties back then have probably done very well financially, particularly on the capital appreciation side.



Tax on the sale of property in this situation can be significant at both the federal and state levels. Depending on the amount of capital gain and the investor's tolerance for paying taxes, this can be the catalyst for pause. In other words, "let's not sell right now." The problem here is, taxes may not be any lower next year, and they could even be higher!

The good news is that there is a way to sell a property like this and pay little or no capital gains taxes for those investors who believe in the educational mission of the University of San Diego. That's correct, I said, "sell a highly appreciated property and pay little or no capital gains tax!" This is possible through the use of a charitable remainder trust (CRT). It is the same type of charitable trust that was used by Dr. Philip Menna, who is featured on the cover of this newsletter.

The Smart Plan in Action

Mr. and Mrs. Smart are each 75 years of age. During the early 1980s they acquired a seven-unit apartment building in La Jolla for \$1,000,000. The value of the property has increased significantly and is worth \$2,200,000 today, but was as high as

\$3,000,000 in 2007. Gross rents are yielding about 7 percent or \$151,000 per year. The building was paid off several years ago. On the books, the building has a value of \$500,000 due to depreciation taken over the years.

The Smarts share four primary objectives, all of which are achievable thanks to the CRT. They would like to:

- maintain a stream of income close to the annual gross rents;
- minimize (or eliminate) the tax consequences of a sale;
- reduce current income taxes;
- create their own legacy at USD by establishing a Smart Scholarship Fund.

Here's How All of This is Possible

Under normal circumstances, selling the apartment building in order to reinvest and continue an income stream would result in a capital gains tax of approximately \$255,000. And this does not include state taxes. By transferring the apartment building into a CRT agreement prior to any listing and sale, 100 percent of the capital gains tax is bypassed. The CRT is then able to sell the property and reinvest the full \$2,200,000 value, which is the current fair market value.

The fiscal impact of their decision will be realized immediately, as the Smarts receive a charitable income tax deduction at the time of the transfer. The amount of this deduction is a calculation based on the age of both husband and wife, and a projection of income that will be paid to them for the rest of their lives. In this case, the charitable deduction is \$941,000. There are annual limitations on the use of this deduction, but the Smarts have six years to use it up. It could save them over \$300,000 in income taxes!

Mr. and Mrs. Smart are counting on receiving payments of 6 percent of the annual value of assets in the CRT — about \$132,000 the first year — to supplement their retirement and other income. In order to make this possible, the CRT sells the \$2,200,000 property and reinvests in securities that produce income and growth.

For as long as Mr. or Mrs. Smart live,

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Bridges Scholarship Corner — Donor Honor Roll Edition

This year's annual Scholarship Luncheon, held on March 27 at the Hahn University Center, brought together generous donors and hard-working, determined students. While Bridges Academy Scholarship donors were recognized as a group for their financial assistance, we would like to thank each and every one for his or her generous support. Scholarship gifts, no matter the size, help to make a substantial impact on the lives of USD students. We hope our donors can take great pride in the amazing accomplishments of the students they help to support. Thank you again!

Bridges Academy Scholarship Donors for the 2011-12 Academic Year*

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For more information about our gift annuity program or other tax-wise gift arrangements, please call John Phillips at (619) 260-4523 or visit www.sandiego.edu/plannedgiving.

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the CRT pays them an annual income. With wise management, the value of the CRT also grows each year — causing trust payments to increase.

Upon the death of both husband and wife, the assets remaining in the CRT are transferred to USD to establish the Smart Scholarship Endowment Fund. The Smart Fund will live in perpetuity, providing scholarships to USD students every year in the Smarts' name.

So, one smart move — transferring the

appreciated apartment building into the charitable remainder trust — results in tax savings, a significant income stream and a lasting charitable gift of more than \$2,000,000. By any measurement, the CRT is a perfect example of some very smart thinking!

To learn more about how charitable remainder trusts can help you reduce taxes while supporting our students, please contact John Phillips at the Office of Planned Giving at (619) 260-4523 or by email at jphillips@sandiego.edu.

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