



LEGACY

Estate Planning Newsletter

Who (What) Will Take Your Place?

*"These are the marks you made
You never meant to fade
They come in to take your place"*

*"Who's gonna fill their shoes?
Who's gonna stand that tall?"*

Song lyrics have wandered through my mind recently. The quotes above are from very different genres and applications, but both address a question of legacy. Who/what will take your place?

The real answer is, "Someone and No One." As friends and donors of Abilene Christian University and/or other charities, what is our legacy? Hopefully, future generations will share our commitment and perpetuate our support through current gifts. On the other hand, those we love may not share our dreams and aspirations. Endowment enables us to perpetuate our values and leave marks to take our place in exceptional ways.

One alumni couple embraced an interesting concept via a Charitable Gift Annuity. Alumni and longtime friends of ACU, they hit on the idea of endowing their President's Circle gifts. They recognized that their annual gifts are important to the university and continued to make them. However, they were interested in perpetuating those gifts beyond this lifetime; and they wanted to optimize their income. Both were possible through a Charitable Gift Annuity.

For illustration purposes, let's assume an alumni couple (John and Georgia Donors) ages 78 and 80

want to do the same thing today. A gift of \$25,000 would provide endowment income of \$1,125 per year. A Charitable Gift Annuity in that amount (\$25,000) will pay 6.1 percent or \$1,525 annually. Additionally, John and Georgia would receive a current income tax deduction of \$9,271, and 77% of the guaranteed income is tax-free. The Donors will enjoy an effective annuity rate of 8.44%.

The Donors' gift may be easier to visualize as follows:

Current gift	\$25,000
Current income tax deduction	\$9,271
May save (@ 25 percent rate)	\$2,318
Guaranteed annual income	
@ 6.1% for two lives	\$ 1,525
Tax-free amount	\$1,174
Effective payout rate	8.4%

John and Georgia could continue to participate in The President's Circle using income from the CGA so long as their circumstances allowed, making gifts from their annuity income. At their demise, the remainder of the CGA would accrue to the John and Georgia Donors President's Circle Endowment, perpetuating their gifts and leaving their mark on ACU. Additionally, they have become members of The Heritage Society, ACU's unique recognition group for those who are endowment benefactors and deferred gift planners on behalf of the university.



PLANNED GIVING TRIVIA



The first reported CGA in America was arranged in 1831 between John Trumbull, the famous painter, and Yale College, now Yale University. In exchange for his best paintings, Yale agreed to pay an annuity for life. When the contract was finally completed, Trumbull was 76. His life expectancy at the time was six years, but he lived for another 12. America's first gift annuitant was also the first to outlive his life expectancy.

Another way of giving – PODs and TODs

Sometimes simple solutions elude us. Wills and bequests are the vehicles of choice for philanthropic gifts, but there are other avenues as well. A friend was recently concerned about how to make a testamentary gift from very liquid assets without the bother of a new will, a codicil or the future need to wait for probate, etc. Also, she wanted to retain access to the funds in the event of an unforeseen need.

The answer was simple: a Payable-On-Death (POD) directive. An uncomfortable name for a very useful planning device.

Bank accounts, certificates of deposit, and many investment accounts can be transferred to another party immediately upon death by simply filing a Payable-On-Death or Transfer-On-Death directive. For charitable and non-charitable purposes, these directives function very much like beneficiary forms. The account holder simply files a POD directive containing pertinent information with the financial institution and the transfer will occur upon death. Charities should be identified by name (Abilene Christian University) and location (Abilene, TX).

Specific purposes can be identified with the phrase “for the {insert name of the fund, department, or program}.”

Call The ACU Foundation for personal assistance with this or other tax and administration friendly vehicles for creating a legacy.



Mike Carr ('90) and Phil Boone ('83), ACU Vice President for Advancement, served as Master of Ceremonies for the Pope Fellows event.



Phil Boone, Dr. Mel Hailey, Judge Jack Pope and Dr. David Dillman present paperwork for the Mel Hailey Endowed Fund.



How Do You Say “Thank you?”

Psalm 100 opens with a call to thanksgiving: “On your feet now – applaud God! Bring a gift of laughter, sing yourselves into his presence. Know this: God is God, and God, God. He made us; we didn’t make him. We’re his people, his well-tended sheep. Enter with the password: ‘Thank you.’” (The Message)

One of the great challenges of the university is how to adequately say “Thank you” to friends and donors. Notes, calls and small mementos from the president or someone in Advancement or a faculty/staff

At age 97, former Texas Chief Justice Jack Pope continues to say “Thank you.” Judge Pope has spoken often of his appreciation for Dr. Don H. Morris, Dr. Walter H. Adams and others on the Abilene Christian campus who encouraged and supported him as a student. The 1934 graduate has sometimes characterized his gifts to ACU as “paying what he could not pay” years ago.

More recently, the Judge is thanking others who have touched his life in various ways.

In July, a group of ACU folks and

trustees with whom he served at ACU, staff members who serve the university and its friends, and faculty who continue to teach and lead, particularly Dr. David Dillman, the current director of the Jack Pope Fellows Program. Hailey also was lauded by Pope Fellows alumni for his dedication to students and unselfish service to assist with their education and careers.

Appropriately, Hailey responded with the observation that Pope Fellows alumni are the face of the Jack Pope Fellows Program; heralding the accomplishments of those alumni in attendance, Mark Shewmaker ('96), research analyst for the Texas Permanent School Fund (Austin); Jonathan Wilkerson ('04), attorney (Austin); Dr. Brantley Starr ('01), associate with King & Spalding LLP (Austin); Dr. Chelsea (Thornton) Buchholtz, assistant to the general counsel for the State of Texas (Austin); and Melanie Fry ('06), law clerk for the Texas Supreme Court (San Antonio).

Pope Fellows have joined Judge Pope in honoring Hailey through contributions to the Mel Hailey Endowed Fund. The five Pope Fellows alumni present well represented more than 172 alumni who are serving in professional roles of personal and community service. Thank you, Judge Pope, for the foresight to encourage a program of public service on the campus of ACU.

Friends of the university are always invited to honor faculty and staff members for their service and dedication through honorary gifts of any amount and purpose. Please contact The ACU Foundation if you need assistance in saying “Thank you” to a person of significant influence in your life.



(From left, back) Mark Shewmaker, Jonathan Wilkerson, Dr. Mel Hailey, Dr. David Dillman, Dr. Brantley Starr, (front) Dr. Chelsea (Thornton) Buchholtz, Judge Jack Pope

member carry our good intentions and heart-felt appreciation, but often seem so inadequate. How do we let folks know that there is no such thing as a small gift, and that every gift provides opportunities and affirmation for current and future students?

Some of our donors provide a great example for expressing gratitude.

Jack Pope Fellows joined Judge Pope in tribute to Dr. Mel Hailey, professor and former chair of political science and the founding director of the Jack Pope Fellows Program. Hailey was honored by the creation of an endowment in his name, the Mel Hailey Endowed Fund.

In expressing his appreciation to Hailey, Judge Pope expanded his statements of gratitude to include



What Don't You Know About Your Estate Plan?

"The trouble with people is not that they don't know but that they know so much that ain't so." – Josh Billings

Rarely is Billings' statement truer than with regard to estate planning. Far too often, foundation officers interact with folks who do not understand their estate plans.

True Myths

"Everything was settled years ago." Out of date estate plans may be affected by changes in family (births, deaths, marriages, divorce, adoption, etc.); relationships (family changes, new affinities; disaffection or alienation, special needs, etc.); moves from one state to another; tax codes (gradual changes in estate tax exclusion amounts, requirement to show cost basis, rates of current income, capital gain or estate taxation) or other personal, legal or technical considerations.

"My will is designed to make charitable bequests of an amount that would be subject to estate tax." Current legislative indecision may make it difficult to determine that number for some time into the future.

"I have told individuals what I want them to have." Personal items or non-titled property are a frequent cause of disagreement and estrangement among surviving family members. Such items (furniture, dishes, jewelry, guns, tools, pets, etc.) may have a great deal of emotional or sentimental value, often far out of proportion to their economic worth. For example, "I told my granddaughter she could have my grandmother's brooch." Unless this gift is in writing and fully

understood by other family members, the granddaughter may have little or no chance of receiving the brooch. "Mother/Daddy would want me to have ____" may be a charged statement among grieving siblings, unless some clear direction has been given. The ACU Foundation has a limited number of copies available of a guide for personal gifts, *Who Gets Grandma's Yellow Pie Plate?* Use the enclosed response form to request your copy.

"E state taxes are no longer a problem." This year (2010) is the first one since 1917 in which America has not had an estate tax. Failing action by Congress, the federal estate tax will rebound to a \$1,000,000 exemption amount and a 55 percent top tax rate Jan. 1, 2011. Care should be taken to review assumptions underlying existing estate plans. Individuals with charitable interests may especially want to explore tax-efficient ways to pass assets to survivors and to charity.

"How much control does the surviving spouse have over an estate?" That depends on the language of the will and/or trust. In the event of a marital (or bypass) trust, successor trustee arrangements may also present potential problems; e.g., multiple siblings as co-trustees.

"Everything is inside my Living Trust?" Only what you have put inside the trust is there. Purchases and acquisitions since creating the trust may or may not be titled/deeded to the trust.

Be aware that insurance proceeds, retirement benefits, and IRAs pass according to their respective

beneficiary designations, and not according to trust documents.

"My spouse and children are beneficiaries of my will, insurance policies, IRAs, retirement plans, bank accounts, trusts, etc.?" If a child predeceases you, do their spouse, siblings or their heirs receive their share of your estate?

"Will your IRA or retirement plan be taxable upon death?"

That depends on the beneficiary designations and how they are phrased.

Who are your agents?

Executor/executrix, Durable Power of Attorney, Medical Power of Attorney? Long-standing plans often designate individuals who are no longer available to fulfill certain functions.

Key Questions

Is your plan current?

Has anything changed since your plan was finalized? Births, deaths, divorces, sale or acquisition of major assets, incurred liabilities, altered relationships, individual capacities, state of residence, property in states other than your residence, tax laws, etc.

Does it say what you want it to say?

The staff at The ACU Foundation tries to reduce estate plans to a single page, illustrating the flow of assets to survivors, heirs, charities – and taxes. Often, the response of friends is "That's not what I wanted." "I thought ..."

The ACU Foundation would be happy to provide a confidential planning audit at no cost to you.



Foundation/Alumni Homecoming Golf Tournament

A field of 85 golfers kicked off the 2010 Homecoming weekend with a beautiful day of golf and a fish fry hosted by The ACU Foundation and the Alumni Association. In addition to golf, food and fellowship, this year's tournament afforded an opportunity to become better acquainted with ACU's new president, Dr. Phil Schubert; and participants enjoyed visiting with members of the nationally ranked Wildcat golf team.

Luncheon activities included the recognition of tournament winners and presentation of one of this year's tournament scholarship recipients, Bryan Evans, a sophomore family studies major. Funds raised by the tournament benefit the Susan Scott Endowed Scholarship for Students with Disabilities and the V.W. and Loreta Kelley Scholarship, which will be presented to a young man and woman in the spring.

"Much more than money, I want my life to reflect the scholarship," said Evans while describing the \$1,000 made possible by friends of the university and honoring the memory of Susan Scott, whose life exemplified overcoming physical challenges to achieve both success and significance.

Bryan does his part to encourage ministry on campus to link the university's counseling center with the student body.



Bryan Scott Evans accepts a scholarship from Dan Garrett



Team Theme Winners (61) Baseball, Class of '64 – Charles Ivey, Joe Hawkins, Terry Pope and David Ballard



Best Score (59) – Brandon Stover, Brady Nichols, Matt Brewington and Brad Coleman



Presidential Team – Britt Bonneau, Dr. Phil Schubert, Grant Rhoden and Dan Haught



Compound Value Contributions – Give Smart!

Most of us seek value in our financial transactions. We want the best deal on an automobile, house, clothing, etc. Getting more for less is a matter of good stewardship and wise management.

But how does that apply to philanthropy? Are there alternatives to just writing a check? Is it possible to give more for less?

Yes!

Current Gifts

Consider a benchmark gift of \$1,000. The cost of the gift is \$1,000 and the tax deduction is for the same amount. At a 25 percent marginal rate net cost of the gift is \$750.

A gift of appreciated stock or real estate. Say we own stock or real estate purchased for \$750 that is now worth \$1,000. A gift of that property costs \$750 minus the capital gain tax (15 percent of \$250 = \$37.50), or \$712.50; and the tax deduction is still for \$1,000. At a 25 percent marginal rate, net cost of this gift is \$462.50.

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Pending legislation may significantly change capital gain tax rates for 2011 and following. Contact The ACU Foundation regarding the status of this important gifting consideration.
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Deferred Gifts

Many donors plan to make a testamentary gift to charity, but need income for their lifetime. It is often possible to improve cash flow for one or two lifetimes and make an equal or greater testamentary gift. Sometimes, it is possible to make a gift of income over time to heirs, followed by a gift to charity – thus effectively giving assets away twice. One of our foundation officers would be happy to illustrate these planning tools for you.

Ultimate Gift to Charity

The most popular planned gift for charity is a bequest in one's will. Simply stated within the will or by a codicil, a bequest can be made using cash, a specific asset, a fraction or percentage of the estate or a specific asset, or the residuum of the estate after all other distributions. Simply name the charity and its location and specify the gift. If the gift is intended for a specific purpose, that should be stated as well.

Please contact The ACU Foundation for assistance in language to include Abilene Christian in your planning.



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