



The ACU
Foundation

LEGACY

Estate Planning Newsletter

Shelter for a Lifetime, Legacy for Generations

Clyde and Shirley Ater have been friends of Abilene Christian University and many other ministries for most of their lives. Thirty years ago, they established the Clyde and Shirley Ater Endowed Scholarship Fund to assist deserving students. Scores of students have benefited from their generosity, and the Aters enjoyed many visits to Lectureship and other special events on campus.

Over the years, they have added to the scholarship fund, expanding its impact. Together, they cherished the thank you notes from students and other reminders of their significant role at ACU. When Shirley passed away March 22, 2008, her will included a bequest for that purpose.

Recently, Clyde moved to an assisted living facility, giving their home and its contents to the Ater scholarship fund. Their daughters, Jimmie Fraley ('57) and Judy Kester, share their parents' love for the university and have worked with staff members to sort out family heirlooms, keepsakes and memorabilia, to avoid any loss of objects or materials with sentimental and historical value. After distributing family valuables, staff members of The ACU Foundation were asked to assist Clyde and his family in the sale of all remaining items, seeking to build the scholarship fund as much as possible. Proceeds from the sale of the house will go to the same purpose.

Upon completion of this process, Clyde will have accomplished several goals important to him and Shirley. Working with his daughters and ACU, he is concurrently completing the scholarship fund and simplifying his estate – a job well done.





Changes Along the Way

Several years ago, a friend of the university decided to give her home to establish an endowed scholarship at ACU. Advanced in age, she planned to will the home to the university, but determined that she could benefit from the tax advantages of a life estate and make the gift while she was living. Her property was modest (market value of \$83,000), but because of her age, she received a current income tax deduction of \$61,963, saving her more than

\$9,000 in taxes. The tax savings allowed her to do other things of importance to her.

Two years later, our friend needed to change her living circumstances – moving to assisted care. At that time, she contributed her remaining life interest in the house and received another income tax deduction of \$21,000. A great joy of her life was seeing the sale of her house fund an endowed scholarship for deserving students.

Had our friend needed additional funds for assisted care, the university would have cooperated to sell her house and she would have received the \$21,000 life interest value to use however she desired.

Life Estate Reserved arrangements work well with a personal residence, vacation property or a family farm.

*Who/what is your favorite beneficiary or charity?
If Uncle Sam is not at the top of your list, planning should be.*

Charitable Gift Annuities – The Gift of Choice in Hard Times

Economic turbulence underscores the viability of Charitable Gift Annuities for seniors. A Charitable Gift Annuity can accomplish a charitable goal undergirded by guaranteed income, attractive interest rates, and tax advantages – offering a win-win situation. For many seniors, gift annuities enable a current gift, with benefits.

For example, a planned bequest of \$25,000 might be used to create a current Charitable Gift Annuity, allowing the donor the opportunity to savor having made the gift, increase her/his income, and enjoy tax savings.

Charitable Gift Annuities are a viable consideration for individuals and couples meeting one or more of several criteria.

Key considerations are:

- Desire to make a charitable gift.
- Availability of discretionary cash or appreciated assets. Gift annuities are nonrefundable.
- Need or desire for increased income over current market rates (CDs or T-bills).
- Age 60 or older. (Rates increase with age. See chart at right.)
- Reduction of current income taxes. Foundation staff members will be happy to provide age-specific illustrations, including actual payments and illustrated tax implications.

Current Gift Annuity Rates*

Age	Single Life	Ages	Two Life
60	5.0%	60/60	4.6%
65	5.3%	65/65	4.9%
70	5.7%	70/70	5.2%
75	6.3%	75/75	5.6%
80	7.1%	80/80	6.1%
85	8.1%	85/85	7.0%
90+	9.5%	90/90	8.3%

*Effective rates as of the date of publication. Please call for current rates.

Planning for All Ages

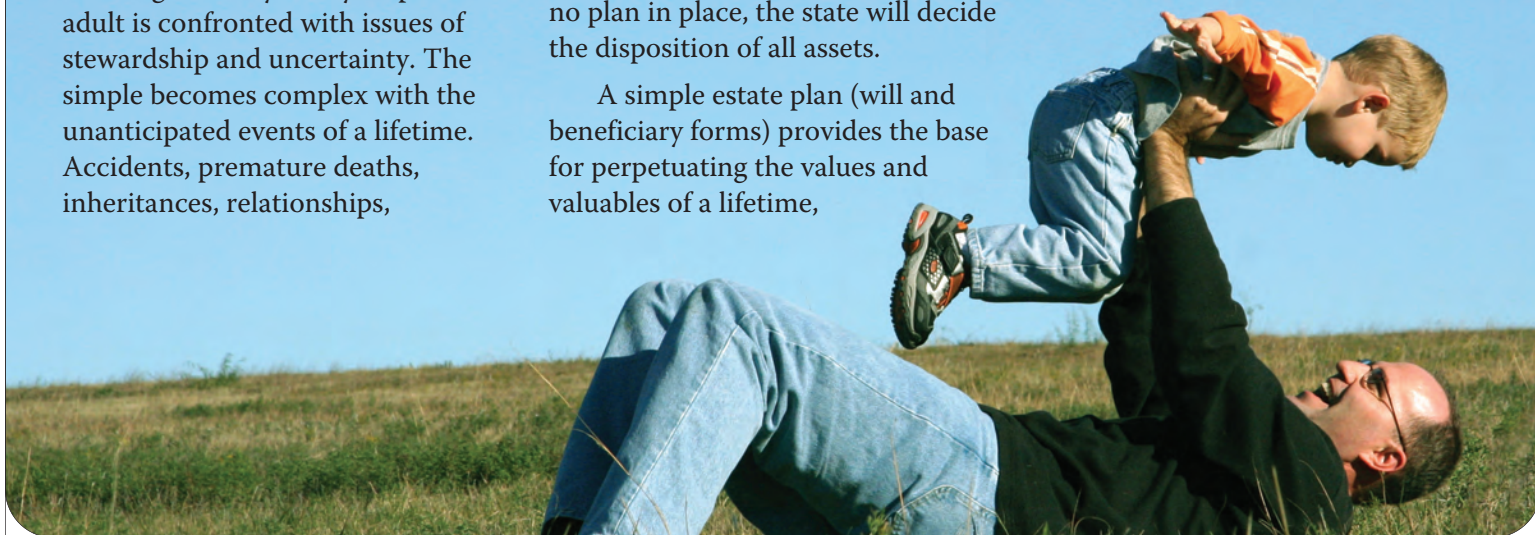
Why would a young adult be interested in estate planning? Life is good; health is robust; work is going well; things are pretty simple. The answer is twofold: stewardship and uncertainty.

Pragmatically, every responsible adult is confronted with issues of stewardship and uncertainty. The simple becomes complex with the unanticipated events of a lifetime. Accidents, premature deaths, inheritances, relationships,

intentions, goals and aspirations combine to encourage planning for the simplest of estates. For example, an insurance settlement or wrongful death lawsuit can instantly transform a meager estate into a significant windfall for _____. If there is no plan in place, the state will decide the disposition of all assets.

A simple estate plan (will and beneficiary forms) provides the base for perpetuating the values and valuables of a lifetime,

whether brief or lengthy. The care of loved ones (parents, children, spouse), the transfer of assets, affirmation of values through charity and communication, and the contentment of being responsible are benefits of taking time to plan.



Life Estate Planning Simplified – Why Not Now?

The obituaries in today's local paper report life spans of 21 to 93 years. There is no indication whether the deceased had wills or other estate plans, or whether they had planned to die just now. But each person had an estate. The sudden passing of a young friend reminded me recently of the importance of estate planning at all ages. Still, about seven in 10 Americans die without a will. Why?

Friends often joke self-consciously about not having a will. When they are honest, the "reasons" are pretty flimsy.

"I'm too young." Age may relate to accumulation and time; it has little to do with responsibility and legacy. At any given age, we can articulate the influence we would like to have and the distribution of our possessions. Young families are particularly susceptible to procrastination in planning, but young parents have immense responsibility for minor children – their person and their future.

- **"It takes too much time."**
Two conferences with an attorney, about two hours, will be required by most simple estates.
- **"It costs too much."** A simple will is not expensive, particularly when compared to the frustration and time of settling affairs without guidance.
- **"I don't have enough to matter."**
Every estate matters. And what happens if an untimely death involves an unexpected insurance settlement or other windfall?
- **"I am not sure what I want to do."**
So long as there is life and capacity, wills can be changed. Once something happens, it is too late to plan.
- **"The state will take care of it."**
Absolutely! However, if minors are involved, disputes arise, or unexpected events occur, the result may be anything but what was intended.



Foundation President Receives Heritage Process Certification

Dan Garrett recently completed the prestigious Heritage Institute training program and was designated a Certified Wealth Counselor. This certification speaks of a holistic approach to planning for the generational transfer of both values and valuables. The Heritage Process is an extension of The ACU Foundation's historic concern for the best interest of donors and their families, and offers tools to assure perpetuation of values and stewardship from one generation to another.

While the Heritage Process is most appropriate for high-net-worth families, each foundation officer is incorporating appropriate elements into their planning activities for families of any net worth.

An introductory book titled *Beating the Midas Curse* is available to interested individuals. Please use the enclosed Reply Form to request your copy.

Accolades for University's Investment Services Office



Rich

The Investment Services office at Abilene Christian University is charged with stewardship of the university's endowment and funds held as philanthropic tools for numerous donors and their beneficiaries. In many ways, they are stewards of your generosity.

Recently, the university was honored as Small Nonprofit

Endowment of the Year by the Institutional Investor Publications and Information Management Network, publishers and organizers of conferences on institutional finance and investment. Jack Rich accepted this award at a conference in San Diego, Calif. Other awards honored a variety of professionals in nonprofit investing.

ACU's endowment, which is currently more than \$260 million, has more than doubled in the past decade. In 2006, ACU was ranked fourth among 700 colleges and universities nationwide, and first among Texas universities, for its investment performance over a

12-month period. The university consistently ranks in the top quartile of endowment performance among colleges and universities. Additionally, under the auspices of The ACU Foundation, Investment Services manages almost \$70 million in trusts, annuities and other arrangements for the benefit of friends and donors.

Garrett Presents at Two National Conferences



Garrett

Dan Garrett, president of The ACU Foundation, was honored with invitations to present this fall on two nationwide programs for planned giving officers.

On Sept. 5, he was a presenter on the Practical Planned Giving Conference 2009 sponsored by Crescendo Interactive, a philanthropic software and consulting firm in Camarillo, Calif. Held in Orlando, Fla., the conference attracted more than 300

professionals to hear Garrett and a faculty of 15 leaders in the field discuss donor relationships, the use of property in making major gifts, gift annuities and many other topics.

In mid-October, Garrett joined a much larger field of presenters for the National Conference on Philanthropic Planning, hosting several thousand planners in the Washington, D.C., area. His presentation at this conference was the case study of several transforming gifts in ACU's history. Points of emphasis included the essentiality of integrity in all relationships, serving the donor's best interests, honoring the intent and preferences of donors, and serving the donor with effective professional counsel.

It is an honor to ACU and Garrett's professional career to be recognized for his service and expertise in meeting the needs of donors and charitable institutions through philanthropic planning.



Easier Than A Will

What is your largest asset? For most people, the answer to this question is A, B, or C: retirement plan; house; car.

Qualified Retirement Plans have become a significant part of many Americans' compensation packages. IRAs, 401(k)s, Defined Benefit Plans and pensions are significant in employment decisions, future planning and retirement. They also are important in estate planning.

Homes and retirement plans are frequently individuals' two largest assets. Both represent the accumulations of a lifetime and are critical to the security of old age and potentially to sharing with heirs and charity.

Because retirement plans are controlled by beneficiary designations, those assets pass from the owner to others outside one's will. There may also be sizable tax considerations involved at the death of a plan holder. Thus, care should be taken in the selection and education of beneficiaries, the preparation and maintenance of beneficiary forms, and considerations for tax effectiveness.

Estates that include other assets in addition to IRAs or QRPs offer great opportunities for charitable estate planning. Charitable heirs (Abilene Christian University or any qualified charity) can fully benefit from an IRA, paying no income taxes and avoiding estate taxes. Non-charitable beneficiaries (children and others) receive greater benefit from other assets.

In any case, tax effective testamentary transfer

of assets in Qualified Retirement Plans includes several options:

To My Estate – In no case should one's estate be the beneficiary of a retirement plan. This option triggers immediate income tax liabilities in addition to any potential estate taxes.

Spousal Rollover – No tax consideration; distribution may be made according to the age of the surviving spouse.

Beneficiary Recipients – care should be taken to avoid immediate income tax liabilities for recipients. Lump sum distribution triggers income taxes and the possibility of an excess contribution penalty. Rollovers into beneficiaries' names trigger immediate income taxes. Retitling of an inherited IRA allows distribution over the lifetime of the recipient, allowing income taxes to be paid over time and potentially at reduced rates.

Charity – Gifts to charity may be specified amounts or percentages designated to the name of charity (Abilene Christian University), location (Abilene, Texas) and will be received outside the will and income and estate tax-free, thus maximizing your gift.

Combination – It is possible to combine individual beneficiaries and charities to maximize one's goals.

It's important to note that designation of beneficiaries can result in saving thousands of dollars in one's estate and the accomplishment of significant legacy goals. Seek qualified counsel when reviewing these important documents.



Gifts of Life Insurance

One of the easiest charitable gifts to make is life insurance. Friends frequently realize they have paid-up policies or current policies no longer essential to their estate planning. There are significant tax benefits to transferring such policies to a charity such as ACU. A transfer of ownership and making ACU the beneficiary of such a policy will result in a current income tax deduction for the cash value of the policy. If future premiums are required, tax-deductible gifts may be made to the university for that purpose. If one is concerned that there may be a future need for the policy, ACU can be the current or contingent beneficiary, allowing the option to make a change if needed.



Homecoming Golf Classic

More than 50 golfers enjoyed the 2009 Homecoming Golf Classic at the Abilene Country Club – a new collaboration between the ACU Alumni Association and The ACU Foundation. Bridging the generations of exes and friends, golfers ranging from recent graduates to Golden Anniversary alumni experienced a friendly rivalry of the ages and a great venue for shared stories of life on the Hill. Proceeds from the tournament are added to the V.W. and Loreta Kelley Alumni Endowed Scholarship and the Susan Scott Endowed Scholarship for students with developmental limitations.



Winning with a score of 57, from left: Kelly Foster, Don Costlow and Tim Spires



Wildcat Chili-dippin' Chipping Contest Student Ambassadors: Tyler Allen, junior biology major from San Antonio, Texas, and recipient of the Kay and Bob Onstead Minister's Progeny Endowed Scholarship; Holly Tittle, senior advertising/p.r. major from Abilene, Texas, and president of the Public Relations Student Society of America chapter.



Brent Barrow ('86), university relations manager for Tarrant County, takes his turn at the Wildcat chipping contest.



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