

Planned Giving - The backbone of Tau Beta Pi's Heritage

Any gift, which is transferred with the help of an attorney, accountant, or other professional, is considered a planned gift. Planned gifts are a tax-wise way of giving and offer benefits to you, the donor, as well as to Tau Beta Pi.

TIMING AND METHOD OF GIVING

Charitable giving may be reduced to two broad categories: Estate Gifts and Lifetime Gifts.

Estate Gifts are generally gifts made by will. Such charitable bequests and devises are the oldest, most traditional forms of planned giving.

Lifetime Gifts include outright gifts of cash, gifts of appreciated property (such as securities or real estate), gifts of life insurance, and life income gifts.

ESTATE GIFTS

WILLS

Whether a will distributes a few personal items, a small estate, or vast wealth, it is an important tool for the orderly achievement of personal objectives.

Many objectives should be considered in making a will. Although personal objectives may vary widely, consider the following examples:

- A carefully drawn will insures that an individual's wishes are followed. It is important to seek counsel from an attorney to ensure that your wishes are fulfilled.
- Proper will drafting, which may include the creation of trusts, can provide substantial federal and state tax savings, as well as help avoid unnecessary legal and probate expenses.
- A will can create trust management for children, grandchildren, a surviving spouse, or others. Trusts can help protect the estate against loss or dissipation by providing for financial management or for special needs.
- A will allows the individual to name the person or institution who will be settling the estate. Further, a will allows the individual to select the person who will act as guardian of minor children. If no will exists, such persons will be selected according to state law.
- Including Tau Beta Pi in your will today will allow you to continue your lifetime of support. Such a charitable gift also offers you a potential estate tax charitable deduction. Even with the recent tax law changes, the federal estate tax is only gradually reduced over a ten-year period. To include us as a beneficiary in your will, your attorney will want to know our correct legal name: The Tau Beta Pi Association, Inc., Knoxville, Tennessee.

Now is the best time to review your will, because of the myriad of changes made to federal estate and gift taxes by the recent tax act. A will should also be reviewed periodically to insure that it has not outlived its usefulness. A carefully drawn will insures that an individual's wishes are followed. It should evolve as the individual's estate and objectives evolve.

BEQUESTS TO THE TAU BETA PI ASSOCIATION, INC.

The Tau Beta Pi Association, Inc., can be named as a beneficiary in your will in a number of simple ways. An outright gift, either a designated dollar amount or percentage of your estate, could be specified. We could also be named as a remainder beneficiary to receive funds only after specific sums have been paid to individual beneficiaries. It may be helpful to know that you can easily add us to your will through an amendment to your will called a codicil; thus your entire will does not have to be redrafted.

An outright gift or bequest may be either restricted or unrestricted. Unrestricted bequests allow Tau Beta Pi to manage the assets in a manner most productive for the Association. Such gifts are the most needed because they provide a flexible source of funds for Tau Beta Pi. This flexibility permits the Association to meet changing needs as they occur. Restricted bequests direct the Association to use the gifts to support specific activities such as scholarships, graduate fellowships, student loans, chapter projects, laureate awards, and district programs.

A bequest in your will which remembers us or another charitable organization is fully deductible for federal estate tax purposes. And, despite the recent tax law changes, the federal estate tax can still take 45% to 50% of your estate! In addition, you are providing meaningful support for all that Tau Beta Pi does.

- An outright charitable bequest or devise can be of money, stocks, bonds, real estate, or other assets. We would be named in a separate item of the will to receive a specific dollar amount or a percentage of the estate. Or, we could be named to receive a collection of books, "x" number of shares of stock, a particular piece of real estate, etc. The bequest may be made unrestricted or for a particular purpose. It could specify whether the funds may be currently expended or whether a permanent endowment is to be created, with only the income to be used on an annual basis.
- In a residual bequest, we would be named to receive all the rest, residue, and remainder of your estate after your heirs have been provided for.
- You may prefer a contingent bequest, which provides for us only if others named in your will are not living at the time of your death.

LIFETIME GIFTS

GIFTS OF CASH

If you itemize your income taxes, you can lower your taxes by simply writing a check to Tau Beta Pi. A gift greater than your usual annual contribution will help us accomplish those projects that are outside our current fiscal budget. A larger cash gift could even endow your annual contribution to Tau Beta Pi.

Gifts of cash are fully deductible—up to a maximum of 50% of your adjusted gross income. For example, if your adjusted gross income for this year is \$50,000, up to \$25,000 of charitable gifts may be deducted this year. Any excess can generally be carried forward and deducted over as many as five subsequent years.

GIFTS OF SECURITIES

Do you own stock that has appreciated in value over the years? Are you concerned about paying a large capital gains tax should you decide to sell the stock? Are you interested in helping us at the same time? If so, a good alternative to selling the stock is to contribute the stock to Tau Beta Pi.

Current tax laws make it possible for you to make a charitable gift of stock at a remarkably low after-tax cost. You can transfer publicly-traded or closely-held stock. Your tax savings is achieved in two ways. First, you pay no capital gains tax upon the transfer of stock to us. Second, you receive an income tax charitable deduction for the full fair market value of the stock on the date of the gift (assuming you have held the stock for longer than twelve months).

Gifts of stock can be given to Tau Beta Pi by using one of three methods:

1. When you deliver stock by hand, you can either endorse the back of the stock certificate(s) in our presence or sign a separate stock assignment form (often called a stock power). We may be able to arrange a meeting with you at your home or office.
2. If you are delivering stock by mail, we recommend that you send the stock certificate(s) and the signed stock power(s) in separate envelopes. We further recommend that the stock certificate(s) be sent by registered or certified mail, return receipt requested. Stock power forms are available from us or from your banker or broker. It is important that you receive assistance from Tau Beta Pi, your banker, or your broker before delivering stock by mail.
3. If you are delivering stock to us through a broker, instruct your broker to hold the stock for our account; do not instruct your broker to sell the stock, either in your name or in our name. Your broker should immediately give us a call for further instructions.

Example: Mr. Collier purchased some stock many years ago for \$1,000. It is now worth \$10,000. An outright gift of the stock to us would result in a charitable contribution deduction of \$10,000. In addition, there is no tax on the \$9,000 of appreciation.

GIFTS OF REAL ESTATE

A gift of real estate can also be tax-wise. A residence, vacation home, farm, acreage, or vacant lot may have so appreciated in value through the years that its sale would mean a sizable capital gains tax. By making a gift of this property instead, you would avoid the capital gains tax, and, at the same time, receive a charitable deduction for the full fair market value of the property.

It is also possible to make a gift of your home, farm, or vacation home so that you and your spouse can continue to use it for your lifetimes--while you receive a current income tax deduction.

Example: Mr. and Mrs. Smith own a vacation home in the mountains that they would like to continue using. Its fair market value is \$100,000. By contributing the home to us now, but retaining the exclusive right to use it for the rest of their lifetimes, the Smiths are able to achieve a current income tax charitable contribution deduction of approximately \$25,000. (The precise amount will depend upon their ages, the useful life of the house, and other factors.)

GIFTS OF LIFE INSURANCE

One of the easiest ways to make a planned gift without any out-of-pocket costs is to name The Tau Beta Pi Association as the owner and beneficiary of an existing life insurance policy. Just check with your life insurance agent for details on which forms to complete. For a current income tax charitable contribution deduction, please be sure we are named as both the owner and the beneficiary.

Keep in mind, too, you can name us as a co-beneficiary, i.e., designate us as the beneficiary of a portion of the proceeds. Or perhaps a more sophisticated arrangement, such as a life insurance trust, would be better for your particular circumstances.

Almost everyone has some degree of life insurance coverage. That insurance could be in the form of protection provided by your employer or in the form of an individual policy you purchased from a professional life insurance agent or financial planner.

A gift of life insurance is an excellent way to make a substantial, meaningful gift to Tau Beta Pi for a modest annual cash outlay. Just a few hundred dollars a year in premium payment can often purchase a \$100,000 policy. Keep in mind, too, that many of the newer insurance products require that premiums be paid for only a period of perhaps ten years, after which time the insurance may continue in force with no additional premium payments. If we are named as owner and beneficiary, you will receive a charitable deduction each year for the continued payment of premiums.

Through life insurance, YOU CAN GIVE, COST-FREE! Making a gift to Tau Beta Pi at no cost to you seems too good to be true. But it is possible. And better yet, the gift can be structured so that you will continue receiving income from the assets you contribute. This use of life insurance is sometimes called asset replenishment or asset replacement. It enables you to give Tau Beta Pi cash, stock, or other property now and use the tax savings to purchase an equal or greater amount of life insurance for the benefit of your spouse, children, or others. Thus, the life insurance replaces the value of the donated assets so as not to reduce your heirs' expected inheritance. Additionally, if you contribute cash, stock, or other property to us in the form of a "charitable remainder trust," you will receive annual income from us—based on the assets contributed. (see page 5)

For Additional Information

We hope this booklet has helped guide you through some of the vehicles used to make tax-wise gifts, thereby helping you better achieve your goals, objectives and ideas.

The information in this booklet is necessarily general in nature. Since it cannot discuss all the ifs, ands, and buts, do not rely on it for your individual financial and estate planning. Consult with your attorney, accountant, or other tax advisor on how this general information applies to your situation.

Should you or your tax advisor have any questions regarding procedures for making gifts or bequests to The Tau Beta Pi Association, please let us know. We would be glad to meet with you and/or your advisors so that we might assist you with planning. Please contact our office; we would appreciate the opportunity to share with you our accomplishments and visions for the future, and how you and your family can help shape those goals.

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The Tau Beta Pi Association, Inc., is classified under the U.S. Internal Revenue Code as a not-for-profit Section 501(c)(3) corporation which is organized and operated for educational and charitable purposes. It is incorporated in the State of Tennessee and has its headquarters in Knoxville, Tennessee. The Association's federal tax identification number is 62-0479545.

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