

Creating Brilliant Futures for Generations



Gift Planning Ideas from the University of Illinois Foundation

Spring 2010 | Issue 75

Teacher's Support Comes from the Heart

When Jill Bohn graduated from high school, she wanted to go to college. A National Honor Society member with excellent grades, Jill knew she had what it took to get a college degree. She also loved children and knew that as a teacher she could have a wonderful effect on a child's life.

But how would she pay for college? Her mother had few resources and could not help Jill.

Then Jill heard about the Illinois Teachers' Scholarship. She applied and received enough to cover most of her tuition. On her own, she paid for room, board and all other expenses. She said it was hard working full-time to meet all these expenses while carrying a full load of classes. "In my junior year," she says, "I almost gave up."

Following graduation, Jill taught elementary school in Cerro Gordo for five years before she moved on to other work. Today she raises support for the

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University of Illinois Springfield, not coincidentally focusing on the College of Education and Human Services as well as the College of Liberal Arts and Sciences.

This spring Jill added her own support through a bequest of an endowed scholarship for students enrolled in UIS's Midstate Student Support for Teaching (MSS) program. The program recruits and provides tuition for underrepresented students with academic ability but no means to pursue this goal.

"As part of my job, I set up an appointment one day to meet Dr. Loretta Meeks, the director of MSS," Jill says. "What she said touched my heart, so I sat in on a class and that touched my heart ever more—seeing these kids, learning from them."

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From left, Devynn Allen, LaTasha Doss, Jill Bohn, Dr. Loretta Meeks and Simon Wilson

"I wanted to make a bigger impact down the road, so I made a bequest."

—Jill Bohn

*The Gift of Education Changes Lives
and Builds a Stronger Tomorrow*

FINDING HARMONY IN ESTATE PLANNING

There can be harmony between family and philanthropic interests, allowing a donor to satisfy both objectives. The following goals demonstrate ways in which this harmony can be realized.

Investment Management for Heirs, a Gift to UIS

In recent times, the *charitable trust* has received increased attention as a financial- and estate-planning tool. You transfer a bequest to a trustee—such as the University of Illinois Foundation—to be invested with the purpose of providing income for specified heirs. The Foundation charges no fee for its services as trustee (\$50,000 minimum). When the trust ends, the remaining trust property passes to the Foundation to be used for the purpose you determine in advance. This strategy is especially useful in the following circumstances:

- Donor is concerned about an heir's ability to manage money.
- Spouses who maintain separate assets and/or who have differing charitable interests.
- Heir is of a similar age and/or has no heirs of his/her own (e.g., unmarried child).

Note: You might also consider a charitable gift annuity for an heir(s). This is equally effective and only requires a gift of \$10,000.

To learn more about estate-planning options go to www.uif.plannedgifts.org

Tax-Wise Ways to Pass On Retirement Assets

Tax-deferred retirement-plan benefits are great sources of retirement income but are not always a good choice to pass on to children and grandchildren.

Retirement-plan benefits left to children, grandchildren or other beneficiaries at the death of the account owner are subject to both income tax and estate tax. This combination can result in a tax hit equal to 60 percent or more of these benefits.

Planning pointer: You can avoid this by naming a charity, such as the U of I Foundation, on your beneficiary designation forms and giving tax-free assets to heirs. (See “Help Educate Future Generations” on flap.)

Outright Bequests —The Simplest Way to Leave Assets to UIS

When you think of making a gift to charity under your will or trust, the outright bequest usually comes to mind first: You simply direct that your entire interest in certain money or property be transferred to a designated charity, such as the U of I Foundation. (See “Help Educate Future Generations” on flap.) Of course, your estate will be entitled to a charitable deduction for the *full fair-market* value of your gift. An outright bequest may be expressed in a number of ways:

General bequest. This is a popular type of charitable bequest; you simply leave a specified dollar amount to the charity.

Specific bequest. With such a bequest, you designate specific property that you want a charity to receive, such as a home.

Residuary bequest. With this kind of bequest, you give a charity all—or a portion of—your property after all debts, taxes, expenses and other bequests have been paid.

Percentage bequest. Most bequests are stated as a percentage of an estate or residuary estate. This way, as the size of your estate changes, your bequest will change proportionately.

The information contained herein is offered for general informational and educational purposes. The figures cited in the examples and illustrations are accurate at the time of writing and are based on federal law as well as IRS discount rates that change monthly. State law may affect the results illustrated. You should seek the advice of an attorney for applicability to your own situation.

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IS IT TIME TO WRITE OR REVIEW YOUR WILL?

The right to plan your estate is a priceless privilege. With a will you can:

- Determine how, when and to whom your assets will be distributed
- Name the executor who will manage your estate according to your wishes
- Create trusts for the benefit of your spouse, children or others
- Reduce the potential burden of the federal estate tax
- Provide for charitable organizations to which you are devoted

The best time to review your estate plan or write one for the first time is now. Don't wait until there has been a death in the family or until you are ill and worried about the future. Those are times of emotional stress. Review or write your will or trust now, while you are thinking about it.

If you are making minor changes to your plan, it may not be necessary to rewrite the document entirely. With the help of your attorney, many adjustments can be accomplished through a codicil or amendment. Whether you are writing your first estate plan or changing an existing one, it is relatively inexpensive compared to what is at stake.

Did You Know ...

Our award-winning online learning program is partnering with a university in Ireland using the preview version of Google Wave. Breaking institutional and geographic barriers, in the fall of 2009 the two universities brought students together online in a multi-week collaboration on the topic of energy sustainability. Learn more at: <http://tinyurl.com/wavecollab>

Estate-Tax Update

Congress left Washington in December without extending the federal estate tax (FET). **Result:** There is no FET in 2010, at least perhaps not until Congress tackles this politically charged hot potato this year. And the talk is that when they do, they will make the law retroactive to January 1 to capture taxes from the estates of all those who died in 2010. **What to expect:** The consensus opinion is that eventually Congress will make permanent the FET law as it was in 2009: A \$3.5 million exemption per person and a top rate of 45 percent. However, if no action is taken this year, the FET reverts to prior law with a \$1 million exemption and a top tax rate of 55%. Watch for future updates here or on our Web site, www.uif.plannedgifts.org.

Teacher's Support Comes from the Heart

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The students—like Jill—are bright students, most with little or no encouragement from home. Like Jill, they must somehow cover the cost of room and board, books (many share books), clothes, a computer if possible (most don't have one) and the other expenses associated with a college degree.

"They are coming from absolutely nothing," Jill says, "but their heart's desire is to be a schoolteacher and to make a difference in other children's lives. That touches me. That's what I support."

A bequest was an easy choice for Jill. "I am a working person," she says. "I cannot just write a check for \$25,000 (the amount required to set up an endowed scholarship). I do give monthly to support the MSS program, and I know that's important, but I wanted to make a bigger impact down the road. So I made a bequest. It will come right off the top of my estate. It's a very convenient way to make a gift, and I think many people could do the same."

Jill still has her teaching certificate and may return to teaching in the future. In the meantime, through her bequest, she knows she is making a permanent contribution to education in Illinois.

HELP EDUCATE FUTURE GENERATIONS

It can be as simple as these two steps:

- Use the following language on IRA, insurance or other beneficiary designation forms; or provide it to your attorney to include in your Will or living trust
- Contact us to record your intent or to further specify the use of your gift

*"I leave (e.g., % of estate, \$ amount, residue) to the University of Illinois Foundation, an Illinois nonprofit corporation, to change lives and build a stronger tomorrow by supporting education, research and public service at the University of Illinois Springfield."**

*** CONTACT US IF YOU WOULD LIKE TO FURTHER DESIGNATE YOUR GIFT.**

Learn more about the Brilliant Futures campaign and other ways to participate at www.uif.uillinois.edu.



Change Lives and Build a Stronger Tomorrow with the Gift of Education

- Please send me a complimentary copy of *Estate Planning Today* —*A Guide to a More Effective Plan*.
- Please send me a complimentary copy of your *Guide to Giving* —a complete charitable planning resource.
- I have already included the University of Illinois in my estate plans.
- I would consider including the University of Illinois in my estate plans.
- Please send me the language I would need to include the University of Illinois in my estate plans.

PLEASE FOLD ON THIS SCORE AND TAPE CLOSED BEFORE MAILING.

NAME first middle/maiden last

ADDRESS

CITY STATE ZIP CODE

PHONE area code number

E-MAIL ADDRESS

Your interest and consideration are appreciated.
Please tape closed before mailing.

DETACH HERE

Tired of Low Interest Rates?

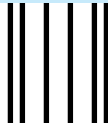
Maximize your income for life with a gift annuity AND enjoy these additional benefits!

- Immediate income-tax savings
- Convert risky stocks to guaranteed income
- Avoidance of capital-gain tax
- Tax-free income potential
- Help educate future generations

ONE LIFE		TWO LIVES	
Age	Rate	Ages	Rate
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%

Go to www.uif.plannedgifts.org to check your annuity rates.

Attn. Vicki S. Megginson
Office of Development
Public Affairs Center, MC-591



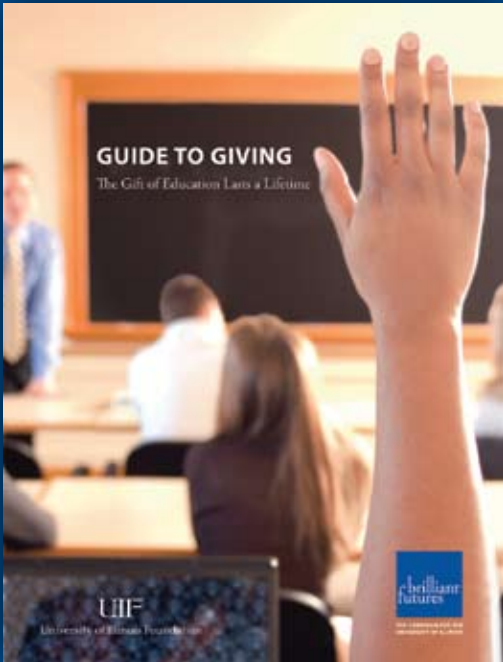
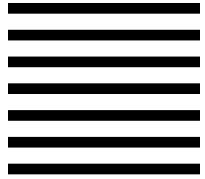
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Next Steps:

This issue of *Generations* covers several strategies to achieve your charitable and financial-planning goals. Are you wondering what your next best step is? Maybe you'd like more information, or maybe you'd like to speak to us directly. Here are a few options:

- 1 Visit us online** at www.uif.plannedgifts.org to learn more about how you can help UIS while achieving your financial goals.
- 2 Return the reply card** to receive a free copy of *Estate Planning Today—A Guide to a More Effective Plan* and/or our most comprehensive publication, *Guide to Giving*.
- 3 Call us** at 217-206-6058 to speak with a gift planning advisor about annuity rates and other gift options.
- 4 E-mail us** at megginson@uis.edu. We're happy to answer any questions you might have or send you more information.



Visit us online at
www.uif.plannedgifts.org

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