

MEMORIAL GIVING

If you are looking for an enduring way to commemorate or honor a special friend or loved one, you can make a gift to McKendree in memory or in tribute to that person who enriched your life.

Memorial gifts can be made in many ways: through an outright gift on a special day, such as a birthday or anniversary; through a bequest in your will; or as a final gift when your gift annuity payments end. We will be happy to talk to you about making a gift to remember a special person in your life.

A Simple Transfer of Assets

Did you know that you can transfer assets to heirs and/or charitable interests through a simple beneficiary designation? This includes certificates of deposit (CDs), life insurance policies and retirement plan accounts, as well as savings and checking accounts. The funds left in these accounts at death can be transferred directly to the beneficiary you designate.

Generally, these will pass outside of probate, thereby providing a prompt and easy transfer of assets. All that is usually required is for you to contact your bank or other financial services provider and complete a simple form.

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The Simple Life

It was there that they built their cottage on the grounds of the Southern Meadows Estate and it quickly became home. Wilma created her beloved flower garden in the lot next to their house and they became involved in the Lawrenceville First United Methodist Church. Wilma taught Sunday School and directed the church choir. After Kenneth passed away in 1996, Wilma carried on as choir director and continued to lead the church in music ministry.

She felt fortunate to have a teacher's retirement, but her flower garden needed much attention and she still wanted to help others, particularly her alma mater, McKendree. As it had always

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been, it was still important for her to help those in need.

Wilma established her first gift annuity with McKendree in 2000. She was happy with the supplemental income that it provided, along with the tax deduction. This extra funding took the worry out of caring for her flowers, as it allowed her to set up a fund to maintain the garden when she was unable to do it herself. Wilma was so pleased, in fact, that over the next 10 years she established five more gift annuities. "It was such a simple thing to do," she said, "but it will have such a valuable impact to McKendree in the future."



MCKENDREE MATTERS

Honoring Our History,
Securing Our Future



Spring 2014

Wilma Kennedy Believes the Simple Life Is the Best Life

Wilma (Ditzler) Kennedy '42 was born in southern Illinois and grew up near Sparta. Her father, a tradesman who knew the value of an education, made sure his daughter went to college. Wilma initially ventured away to school in Indiana, but came home and discovered that McKendree was the perfect place for her. She majored in Religious Studies and participated in music ensembles, such as the Glee Club. It was these two interests that led her to meet her husband, Kenneth.

The two met while attending the Methodist Church's Little South Summer Institute in Eldorado, Ill. They went their separate ways until McKendree's Glee Club performed at the Marion Methodist Church. Kenneth told Wilma he remembered her from the summer, and she was quite pleased. He promised to write her and much to her amazement, he actually did! They corresponded while she attended McKendree, their courtship flourished and eventually they married.



Wilma in her beloved garden

Kenneth and Wilma evangelized in southern Illinois for nearly 10 years. They knew what it meant to save, as they were very frugal during this time. Eventually Wilma got a teaching job and taught in various settings, from a one-room school house to her fourth grade classroom in the Sparta School District, where she taught for nearly 20 years. When the two decided to retire, they investigated the United Methodist Village in Lawrenceville after learning about it from their church.

Inside this Issue:

- **How a Gift Annuity Works for you**
- **Giving for Maximum Income**
- **Provide for Yourself and Others**

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How Gift Annuities Work for You

Gift annuities are a simple and convenient way to make a gift. Under the terms of a gift annuity, you make a gift of cash or other appropriate assets to McKendree in a way that allows you to retain payments for the remainder of your lifetime.

If desired, you can also provide for payments that continue for the life of one other person or direct that the payments be made to one or two others you name.

How much are the payments?

Gift annuity payments vary according to the age of the annuitant (person who receives payments) at the time the annuity is funded. See the chart for examples of rates for one or two persons. Generally, the older you are when you fund your gift annuity, the higher your payments will be.

What stands behind the payments?

Under state law all of the available assets of McKendree University serve to back the annuity payments.

Enjoy generous tax savings

Although tax savings rank low on the list of reasons why most people make charitable gifts, such benefits nonetheless provide

added incentive for those who choose to give.

Charitable gift annuities offer a number of ways to reduce or eliminate gift, estate and capital gains tax, such as:

- A portion of the amount contributed for a gift annuity is deductible for federal income tax purposes.
- There can be additional income tax savings depending on your state of residence.
- Capital gains tax can be lowered and delayed when property that has increased in value is used to fund a gift annuity.
- Gift annuity payments can be taxed more favorably than many other sources of income.
- Assets used to fund gift annuities are typically removed from your taxable estate.
- Gift, estate or capital gains tax considerations may arise in some cases where a gift annuity is created for someone other than a spouse.

Additional benefits

A gift annuity can be an excellent way to enjoy income tax savings today while assuring that the amounts used to fund the annuity will never be subject to estate tax.

Giving for Maximum Income

To receive the greatest possible benefit from a gift annuity, it is important to think carefully about the property used to make your gift. Consider the following assets:

- Cash or the proceeds from bonds, certificates of deposits and other investments that may be providing less income in today's environment.
- Stocks, bonds or mutual funds that are worth more than you paid for them but yield little or no income. Because capital gains tax is not due at the time you fund a gift annuity for yourself and/or a spouse, this can be a good way to make a gift while increasing your spendable cash flow.
- Withdrawals from retirement plans you may be required to make in the future. A gift annuity can offer a way to set aside more of such funds to provide future income, while reducing taxes that would otherwise be due today.

We will be pleased to talk with you and your advisors as you consider which asset might be best for you to use to fund a gift annuity.



Provide for Yourself and Others

You may create a gift annuity for your life only, your life and that of your spouse, or the life of one or two other persons. The following examples illustrate just a few of the possibilities.

Payments for one person. Martha, 81, decides to fund a gift annuity using \$25,000 in cash. At her age she receives payments from her gift annuity equal to 7 percent of the amount contributed. She is also entitled to an income tax deduction of more than \$12,000, and for the first eight years she will pay income tax on less than one-third of her payments.

Payments for two lives. George and Susan, ages 80 and 85, decide to use stock that pays no

dividends to fund an annuity that will continue payments for both of their lives. They are entitled to payments equal to 6.1 percent of the amount transferred as well as a generous tax deduction. In addition, the value of the annuity will be completely removed from their probate and taxable estate.

Income for other loved ones. Barbara decides to create a gift annuity that will make payments to her sister for the rest of her sister's life. Barbara will be entitled to an income tax deduction for a portion of the amount contributed. In addition, she enjoys the knowledge that her sister will receive payments that are backed by all of the assets of the charitable recipient.

Gift Annuity Payment Rates

Selected Rates for One Person		Selected Rates for Two Persons of the Same Age	
Age	Rate	Ages	Rate
90+	9.0%	90/90	8.2%
85	7.8	85/85	6.7
80	6.8	80/80	5.7
75	5.8	75/75	5.0

For illustrative purposes only. Please write for current benefits and rates for other ages.