



McKENDREE MATTERS

Honoring Our History,
Securing Our Future



Fall 2013

Dear Friends,

Greetings from McKendree! I am pleased to introduce our newest University publication, *McKendree Matters*. This bi-annual newsletter is designed to be a resource as you consider your estate and financial planning needs.

Making your plans

Each issue of *McKendree Matters* will address a different estate planning topic. We hope you will gain information that will assist you as you consider your own estate planning.

We chose the holiday season to send you our first issue of *McKendree Matters* for two important reasons:

1. First, as the holiday's approach everyone at the University is reminded that among the things we are most thankful for are good friends like you! We are grateful to our McKendree family for your partnership, friendship and support throughout the year.
2. Second, for many, year-end is a time of giving. While many will

make gifts of cash to receive year-end tax benefits, there are other gifts that can benefit you and your loved ones for years to come. Some of the articles in this issue address these topics.

Looking to the future

If you have made a provision in your estate plans to support the future of McKendree University, we encourage you to notify us. If you'd like to include McKendree in your estate plans, we can answer questions and work with you and your advisors on the charitable aspects of your plans.

Thank you for your continued generosity and support of McKendree University!

Best wishes to you and yours for a healthy, happy holiday season and a prosperous new year.

Sincerely,

James M. Dennis
President

Inside this Issue:

- **Maximize Your Gifts**
- **A Quick Guide to Giving**
- **5 Reasons to Give Appreciated Property This Year-End**



Maximize Your Gifts

If you are planning to make charitable gifts before the end of the year, you may want to pay special attention to what and when you choose to give.

What to give

Immediate gifts of cash, by check or online giving are the most popular means of making charitable gifts. Through such gifts completed by Dec. 31, it may be possible to eliminate tax on up to half of your 2013 adjusted gross income (AGI).

In some cases, gifts may be carried over to reduce taxes in up to five additional years. And, unlike many other deductions, charitable gifts are deductible from both regular and alternative minimum taxes.

Advantages of giving securities

Keep in mind that stocks, mutual funds and certain other assets owned for more than one year that are worth more than you paid for them are generally deductible at their full current value.

In other words, you are allowed to deduct not only what you paid for the property but also any “paper profit” or gain in the investment.

As a result, in addition to regular tax savings, you may avoid capital

gains tax that would otherwise be due on a sale of the donated assets.

Give and lock in value of stocks

Glenda owns securities that are worth significantly more than she paid for them. She believes they may continue to increase in value but is not sure. Instead of giving cash, Glenda decides to make a gift to McKendree using these securities.

She is entitled to a tax deduction for their full value. Glenda then uses the cash she had originally planned to give to repurchase the same number of shares at the current market price.

She now owns the same number of shares as before, but she has effectively locked in a new, higher cost basis while bypassing tax on the increase in value prior to the time of her gift.

If the new shares increase in value, Glenda will have less gain to report when she eventually sells the stock. If their value declines, she may be able to deduct the loss for tax purposes.

More information

Continue reading for more information about gifts of securities and other assets. We would be happy to work with you and your advisors as you plan your year-end gifts.

A Quick Guide to Giving

TO GIVE . . .	DO THIS . . .	AND SAVE . . .
Cash	Give by check or other means of giving cash.	By deducting gifts up to 50 percent of your adjusted gross income (AGI) in any one year; carry over any excess into as many as five tax years.
Securities	Send unendorsed stock certificate in one envelope and a signed stock power form in another envelope. The gift is complete on the postmarked date of the later envelope. If you do not have the stock certificate or if you are giving mutual funds, contact your investment advisor to arrange the gift.	By deducting the full current value of the stock and bypassing any capital gains tax which might be due on a sale. Deduct such gifts up to 30 percent of your AGI in any one year; carry over any excess into as many as five tax years.
IRA Assets in 2013	<p>Over age 59½ If you are beyond the age at which a penalty is imposed for withdrawals, notify your plan administrator that you would like to withdraw amounts sufficient to fund charitable gifts you plan to make this year.</p> <p>Over age 70½ You can arrange for tax-free charitable gifts directly from a traditional or Roth IRA up to a total of \$100,000 in 2013.</p>	<p>Over age 59½ While you will report the amount of the withdrawal as income this year, you may be entitled to an offsetting federal income tax deduction for the amount of your charitable gifts, thereby basically avoiding tax on the amount of the withdrawal.</p> <p>Over age 70½ Regardless of whether you itemize your deductions or experience other limitations on credits or deductions, amounts distributed directly to charity are excluded from your taxable income.</p>

New Tax Law, New Opportunity

At the beginning of 2013, Congress established new estate and gift tax rates and set the level at which they would apply in the future.

These changes mean that most people will no longer be subject to federal estate and gift taxes. As a result, many may find they will have more assets available in their estates, making it possible to provide more for their heirs and charitable interests, such as McKendree University.



5 Reasons to Give Appreciated Property This Year-End

When you are considering what assets to use to make gifts to McKendree University this year-end, don't forget long-term appreciated property.

Long-term appreciated property includes stocks, bonds and mutual funds that have risen in value and been owned longer than one year. (Check with us or your advisors about gifts of other property.)

Good planning sense

These assets can make good sense from both a philanthropic and financial planning perspective.

Consider the following:

1. You may deduct the current value of the asset instead of what you paid for it.
2. You bypass any capital gains tax you would owe if you sold the asset.
3. Your capital gains tax savings may never be more beneficial.

4. You can claim your deduction over the next five years.

5. You conserve your cash for other purposes. You may even want to repurchase the same asset with a new, higher cost basis.

Utilize losses

If you have investments that have *decreased* in value since you have owned them, consider selling them (thereby creating a loss you may be able to deduct) and giving the cash proceeds to McKendree University.

Realizing losses in this way can result in tax deductions that actually total more than the current value of the investment.

Learn more

Check with us or your advisors for more information about tax-favored gifts of securities and other assets.



For more information, contact:



WHITNEY STRANG

Director of Major and Planned Giving

Office: Alumni House

Phone: (618) 537-6456

Cell: (618) 792-2615

Email: wbstrang@mckendree.edu



SCOTT BILLHARTZ

Director of Donor and Prospect Management

Office: Alumni House

Phone: (618) 537-6869

Email: slbillhartz@mckendree.edu



MCKENDREE
UNIVERSITY

701 College Road • Lebanon, IL 62254

618-537-6826 • 1-800-BEARCAT

www.mckendree.edu



VICTORIA DOWLING

Senior Vice President

Office: Wildy Hall, 3rd Floor

Phone: (618) 537-2154

Email: vadowling@mckendree.edu