

TKE Educational Foundation  
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# TKE TRADITION

CHARACTER + LEADERSHIP + SERVICE = TKE



## Make the Decision To Act Now

It is important to consider an estate plan. An effective estate plan will serve to take care of your family and support causes - like Tau Kappa Epsilon - that are important to you and avoid unnecessary taxes, administration costs, confusion and delays. And yet, many people procrastinate.

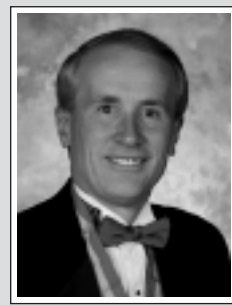
So don't delay! Decide now that you will talk with your attorney about a will and an estate plan. And before you do, feel free to contact a TKE Educational Foundation representative that can offer suggestions that can add to the effectiveness of your estate plan.



60 Graduates of the Charles R. Walgreen, Jr., TKE Leadership Academy XXII donate \$2,000 before heading home.



William C. Prout, Jr., Albion College, was a life-long educator who fostered academic excellence in TKE. His will bequeath funds for a scholarship in his name.



Mark Johnson, University of Utah, Grand Prytanis has named the Foundation as a beneficiary in his will for a percentage of his estate.



Fritz Jacobi, University of South Florida, has established an endowment commitment designated for his chapter's scholarship fund and has included the Foundation in his will to bequeath a flat dollar amount.

## Is It Time for You To Have an Estate Planning Checkup?

A clearly laid plan for the disposition of your estate can bring you peace of mind and save your beneficiaries unnecessary tax dollars. To assess your needs, it may help to look at the following brief checklist. Check only those questions that make you feel uneasy or trigger doubt about your current plan.

- Are your life insurance and retirement plan beneficiary arrangements coordinated with your will?
- Have you arranged your affairs to provide an immediate source of income for your beneficiaries?
- Have you included a bequest to the TKE Educational Foundation in your will, or have you considered other planned giving arrangements which can benefit both you and TKE?
- Have you taken the time to explore the possible reasons for including a trust as part of your comprehensive estate plan?

If you've checked any of the boxes, it may pay you to review your current plan with your financial advisor.

### GIVING MADE EASY

Visit [www.tkefoundation.org](http://www.tkefoundation.org) to make your gift online!

## Estate Planning – Exploring Its Benefits Today

At one time estate planning was considered the sole province of the very wealthy or super-rich. But no longer.

In this *TKE Tradition* we want to explore some of the basics of estate planning and how you can personally benefit. We will focus on several aspects, including:

- ➔ what your will does and does not do with respect to your property;
- ➔ assuring adequate liquidity in your estate to pay death taxes and other costs arising at death;
- ➔ how to provide a bequest to TKE and other worthy causes in your will;

We hope you find these observations informative and useful. We urge you to contact a TKE Educational Foundation representative with any questions as a prelude to visiting with your financial advisor.

## Effective Planning for Your Life Insurance

There are a number of ways in which you can plan your life insurance. And it is worthwhile to consider exactly which arrangement will best accomplish your objectives. You may:

1. Simply name a beneficiary in the policy. Your beneficiary generally will receive the proceeds in a lump sum.
2. Select a settlement option for your beneficiary. You can direct that the insurance company use the proceeds to pay your beneficiary an annuity for life or installment payments of a fixed amount or over a fixed period of years. Your decision is binding on the beneficiary.

3. Name a trust that you establish during your life as the beneficiary of your life insurance. The trust will invest the insurance proceeds and distribute income and principal as you have directed in the trust agreement.
4. Name your estate as beneficiary. The insurance proceeds will be available for estate liquidity. However, this option has the disadvantage of increasing probate costs and, in some states, the state death tax.

You also may want to consider naming the TKE Educational Foundation as a beneficiary of your life insurance. As with a bequest, you can make us a full or partial beneficiary. It's easy.

## Estate Planning Pays

It may not take as much as you think to accumulate a taxable estate.

Just about everything you own - from your cufflinks to your insurance policies - are added up at your death to compute the tax. And, if the valuation exceeds \$2 million - the dollar amount for this year's estate tax exemption - then every dollar in excess of that amount will be taxed harshly. The rates start at 37% and quickly accelerate to 55%. That's even higher than the federal income tax rates!

Fortunately, with careful planning, you can control the tax bite. So it pays to invest time in estate planning.

When you think of the time you spent accumulating assets, it's nice to know that you can have a say in the final distribution of those assets...and that you can do so in a more cost-effective way.

## Your Will Is Not a Complete Estate Plan

Your will is an extremely important document. There's no question about that. Your will not only names the beneficiaries of your estate, but it also may set up trusts that will manage your property for years to come.

In your will you have probably nominated a personal representative, perhaps even a guardian or trustee for minor children. You have planned and drafted your will as a final expression of your personal values and love for your beneficiaries.

And through your will you may have established a final and carefully planned memorial gift to help support one or more qualified charitable institutions such as the TKE Educational Foundation.

Despite all this, your will is not a complete estate plan. Your will does not name the beneficiaries of your life insurance or your retirement death benefits. Nor does your will control the disposition of your interest in jointly owned property. This issue briefly discusses the various estate arrangements which should be coordinated with your will to bring about a comprehensive and thoughtful estate plan.

## The Importance of Estate Liquidity

Estate liquidity refers to your estate's need for cash. Cash is necessary to pay federal and state death taxes, executor and attorney fees, court costs and other probate expenses, funeral and monument expenses, expenses of your last illness, accrued property and income taxes and a variety of miscellaneous expenses that often arise after a person's death.

Too many people fail to provide their personal representative with sufficient cash to pay such costs. As a result, the personal representative may have to borrow money or sell estate assets at sacrifice prices to raise cash.

These unfortunate possibilities can be avoided if the estate is provided with sufficient cash. This is usually done through marketable securities or life insurance payable to the estate. Your attorney can help you determine how much cash is necessary and whether you have a potential liquidity shortfall.

## Making a Charitable Bequest

Many people have used their wills to make a final expression of their lasting commitment to TKE. This is done by inserting a "charitable bequest" in the will. This is simply a clause which states that a certain dollar amount, a certain asset or a certain percentage of the estate shall pass to the TKE Educational Foundation.

If you already have a will, but it does not yet include a charitable bequest, your attorney can help you amend it through a legal document called a "codicil." It is not necessary to write an entirely new will.

A well-planned charitable bequest - small or large - can have a real impact on the educational and leadership programs at TKE. Please contact us to let us know that you've included the Foundation in your will. A simple statement of intent does not create any legal obligation on your part and will be held in the strictest confidence.

Please consider leaving a lasting legacy to TKE through a charitable bequest.

## Special Considerations for Retirement Benefits

Employee retirement benefits and IRAs pass to the beneficiary named in the retirement plan agreement at the death of the owner. They are not controlled by the owner's will. Certainly, you will want to coordinate your retirement plan beneficiary arrangements with your will. And be sure to consult with your financial advisors to make certain that you and your heirs achieve optimal financial and tax benefits.

Keep in mind that retirement benefits generally will be taxable income to your beneficiary. You may want to name a beneficiary who is in a lower tax bracket - or you can name the TKE Educational Foundation as beneficiary with the assurance that, because we are tax-exempt, TKE will be able to use the full amount of your gift.

**Are you getting the new Pearl's of Wisdom e-newsletter?**

If not, go to [www.tke.org](http://www.tke.org) and click on Alumni Update to ensure you contact information is correct.

