

Q&A About Planned Giving

Eason Leake, a 1968 Millsaps College graduate, is the chairman of the Planned Giving Committee at Millsaps College. He and his wife, Ellen, have been very generous supporters of Millsaps with both their time and their resources.

Leake, who earned a Bachelor of Arts degree in economics, is currently the chairman of the board and chief executive officer of Ross and Yerger Insurance, Inc., in Jackson, Mississippi. The following is a question and answer interview with Leake about planned giving.

Q. How difficult is it to leave a planned gift?

A. It is not difficult at all. Our planned gift is a codicil to our will. And because we are frequent travelers, we meet with our attorney periodically to update our will.

When a close friend died unexpectedly, it also triggered us to see our attorney.

Our view is our offspring should be taken care of through our estate plans and that any estate taxes should be limited or eliminated by careful planning and charitable giving.

And while it is often difficult to give a gift from current income, it is easy to leave Millsaps in your estate plans.

Q. How do you and Ellen decide what charitable organizations to give to?

A. My Millsaps experience has contributed to my overall success in the business world. We support other colleges, too, including those which are special to Ellen, and also those that are educating our daughters.

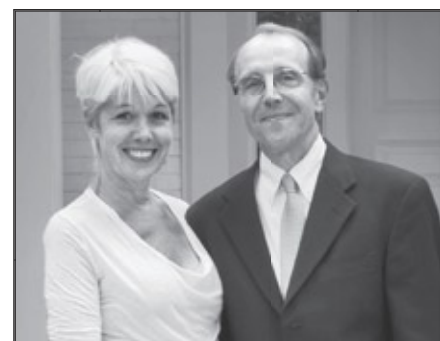
Q. What is the most typical planned gift?

A. A simple bequest is the most typical planned gift because it is the easiest. There are other types of estate gifts, such as annuities or trusts, which can be structured to fit a donor's needs and provide income for life.

Q. A donor can use the interest from an IRA to establish a life insurance policy without using current income. Can you elaborate on that?

A. As chair of the Planned Giving Committee, I have seen several interesting techniques for using distribution from an IRA or other qualified retirement plans. One that has become popular is the use of IRA income to purchase a life insurance policy benefiting the College.

At age 59 ½, the donor can withdraw income from his/her



Ellen and Eason Leake

IRA and gift it to Millsaps for the purpose of paying the premium. The donor gets the tax credit for the gift now, and the College receives the proceeds from the life insurance policy in the future.

The appeal here is virtually everyone has money in that type of

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- Provide for tax-free inheritances
- Plan for incapacity
- Ways to provide for others

A Place to Begin When Making or Updating Your Plans

When considering where to begin the process of making or revising your estate plans, you may want to start with the “4 P’s” of estate planning.

People

List those persons for whom you are now financially responsible and/or those whom you would like to assist in the future. Many individuals choose to include their charitable interests, such as Millsaps College, in this category.

Property

Next, list your income and the property you own. Include your home(s), automobile(s),

cash, stocks, bonds, mortgages, jewelry, collections, and other property. Include balances in pension, profit sharing, and other retirement plans and the value of life insurance policies. Beside each asset, list its cost, its current value, and whether it is owned outright or with others. Also note all debts and when they are due.

Plans

Your plans should begin to naturally take shape as you review your list of people and consider how you wish to provide for them in light of your property. Study the particular properties you listed, looking for those that match the needs of each person.

<p>People Family Friends Charity</p>	<p>Property Investments Real Estate Other</p>
<p>Plans Will Trusts Deeds</p>	<p>Planners Attorney Accountant Others</p>

Assets that produce income might be useful for some loved ones. Other property that may be increasing in value but yields little income may best be used to provide for those for whom future value is more important than current income. Some properties may be more suitable than others for funding charitable gifts.

Planners

A number of advisors may be called upon to assist as you implement plans. The list may include your attorney, accountant, financial planner, trust officer, real estate professional, stockbroker, life insurance professional, investment advisor, and others. It may be best to choose one trusted advisor to help coordinate efforts with others. Feel free to discuss fees with your planners in advance; they expect and welcome such discussions.

Tax Planning Pointers

- You may currently leave up to \$1.5 million to heirs free of federal estate tax.
- Federal taxes begin at 45% of larger amounts.
- Retirement accounts may be taxed more than other assets.
- Unlimited amounts may be left to a spouse tax free.
- Full tax rates apply at the death of the surviving spouse.
- Gifts for charitable purposes are totally exempt from federal estate and gift taxes.
- There is no limit to the amount deductible from federal estate tax for charitable gifts.
- It is possible to leave assets to loved ones, make charitable gifts, and eliminate estate taxes.

Special Plans for Special Purposes

Gifts that feature income

As part of your planning process, there are ways you can make gifts that feature a number of financial benefits for you and/or your loved ones.

Through a *charitable remainder trust*, for example, you may receive payments that are fixed or that vary with the value of the property in the trust. The income may even be paid to a spouse or other loved ones. This plan lets you make a thoughtful gift to Millsaps College while increasing your income from property that has risen in value but yields little return.

A temporary gift

Suppose you would like to leave assets to children or other loved ones in the future but are reluctant to pay gift and estate taxes as high as 47% or more for the privilege of doing so. Through a plan known as a *charitable lead trust*, you can direct that income be paid over a period of time to Millsaps College, with the property eventually

distributed to loved ones largely free of federal gift and estate taxes.



Nicholson Garden

Let Your Plans Do ‘Double Duty’

After providing for loved ones, many use wills, trusts, and other planning tools to make a “gift of a lifetime” to one or more charitable interests, such as Millsaps College. For example, a gift through your will can keep giving to future generations. You can bequeath:

- A specific sum or specific property
- A percentage of your total estate
- All or a percentage of the remainder after all other bequests are satisfied

There is currently no limit to the amount of charitable gifts that can be deducted for federal estate tax purposes. Such gifts also receive favorable treatment under the laws of most states.

Using built-in designations

When you purchase an insurance policy or begin a retirement savings plan, you are asked to name a beneficiary to receive the plan assets in the event of your death. Charitable beneficiaries, such as Millsaps College, may typically be named to receive part or all of life insurance proceeds or retirement plan benefits—a simple way to make a significant gift. Like bequests from wills and trusts, such gifts can result in welcome estate and/or income tax savings.

Regular reviews of your life insurance and retirement plans are part of sound estate planning.

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vehicle, and the tax rates on these monies can be extremely punitive when passed through one's estate.

By gifting funds to the College to pay the premium on a life insurance policy, a donor can often minimize the tax consequences when these monies pass to the beneficiaries of the estate.

This technique especially benefits a donor who has other monies to fund his/her retirement, and needs a method of limiting the tax burden to his/her family on IRA funds after his/her death.

Q. What about gifts of real estate as a planned gift?

A. It is always a good idea to give appreciated assets to avoid capital gains taxes, especially in light of increasing real estate values over the past five years.

Any potential supporter of Millsaps who has properties they are reviewing to sell should consider donating for tax purposes.

Q. How can gifting stock help Millsaps as a planned gift?

A. Gifting appreciated stock is a good idea. By donating long-term stock assets, the capital gains taxes can be avoided.

If the stock isn't generating significant income now, exchanging the stock for a charitable gift annuity provides regular lifetime income for the donor and a gift for the College in the future.

Q. What is another reason alumni and supporters should consider a planned gift?

A. Leaving a gift to Millsaps will ensure your connection to the College continues in perpetuity.

It's an easy way to make a significant impact on the quality of education that students will receive in the future.

If you need additional information on making a planned gift to Millsaps College, contact Dudley Marble at (601) 974-1026 or e-mail him at marblrd@millsaps.edu.

Planning a Lasting Legacy

All of the gifts described in these pages can result in gifts designed to honor the memory of a relative or friend. Many types of commemorations are possible.

More information about gifts in honor or in memory of others is available upon request.

MILLSAPS COLLEGE

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