Lincoln College

Giving Newsletter – Spring 2015

Uniquely empowering students to realize their full potential

College Benefactor Bernard Behrends: Giving Never Hurts

by Mark Gordon

If you think of charitable giving as a sacrifice, spend some time with longtime Lincoln College Trustee and major donor Bernard "Bernie" Behrends. He has spent a lifetime giving back to his community, including Lincoln College. Yet, he's quick to say that he's never felt personally deprived of anything as a result.

Proud of his Christian faith, Behrends says he's a "grateful giver," who believes in sharing the blessings and fruit of his own labors with his community.

> "Giving never hurts anybody," he says.

Born in Lincoln in 1921, Behrends personifies the story of "humble beginnings"—his father died when he was six, and his grandfather moved into the household to help his mother during the Great Depression. He credits his mother with instilling in him the deep faith that he carries to this day.

He joined the Navy in 1942. After the war he used the GI Bill to attend Lincoln College. After graduation he went on to earn an engineering degree at Bradley University in Peoria, Ill.

Behrends spent 32 years working as a civil engineer for the Illinois Department of Transportation. He also served 40 years as Director, including years as President and CEO, of the Hartsburg State Bank.

His charitable service dates back to at least 1944 when he learned of a blood drive to aid in the Pacific Theater. He volunteered and gave his first of many pints of blood.

Behrends returned to Lincoln and became active in the American Legion, Veterans of Foreign Wars and Forty & Eight. He credits the Forty & Eight, an offshoot of the American Legion, with getting him involved in educational support.

Behrends's sister Anna was a 1936 graduate of Lincoln College and taught in area schools for 42 years; she passed away in 2007. In 1998 Behrends and Anna established The Anna K. and Bernard E. Behrends Endowed Scholarship Fund. The Logan County Voiture #985 of the Forty & Eight established an endowed scholarship at Lincoln College in 2002.

Behrends's passion for education and the mission of Lincoln College has not waned; he recently informed the administration that he has made provisions in his will to provide a $1 million gift.

> Helping local students is a priority for Behrends, who admits to a preference of scholarships over buildings. He says education takes priority—"buildings are just bricks and mortar. But with a good teacher you can learn a lot."

He has stayed focused on Lincoln and Logan County students. Supporting Lincoln College means resources stay in his home community and benefit the local economy. Local students who attend school in Lincoln are more likely to remain in the community after graduation, building a new generation that will invest in the area.

His own hard work and determination have given Behrends the means to make sizable contributions to Lincoln College, and his life story illustrates how anyone can build charitable giving into their life.

From that first blood donation while serving in the Navy to his involvement in veterans groups, Behrends has sought to live up to the lessons he learned early in life.

Many times, contributions take the form of time rather than money. At other times, he has reached out to engage others in projects and fund raising. He acknowledges that smart giving can assure that one does not need to deny or shortchange family members in the process.

By using financial planning tools available to anyone, Behrends points out that he will provide Lincoln College with a million dollar gift while still assuring that his wife Anastasia will have a secure source of income all her life, thanks to a Single Life Charitable Annuity Trust.

Through the endowed scholarship and his many other contributions of time and resources to Lincoln College—as well as his support to numerous other local organizations—Bernie Behrends serves as a model for those wishing to give back and leave a legacy.

150 YEARS

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Leaving a Legacy through Planned Giving:

ESTATE PLANNING

Estate planning can be described as the process of transferring assets, during life as well as at death, to ensure that they are distributed in the manner the estate owner wishes. Although saving taxes is a priority, most important is one's desire to transfer assets to the people and organizations he or she wants, in the proper amount and with the proper timing. The process of creating a plan encourages thoughtful deliberation about our resources and priorities -- what they mean to us and our families. It can bring into focus our personal as well as financial objectives with regard to what is really important for us to accomplish. It can help us realize our desire to provide a meaningful legacy to institutions such as Lincoln College that work to serve our society.

Here are just a few things to keep in mind:

- It is estimated that over 60% of Americans die without a valid will leaving state statutes to determine the estate's disposition and relatives and friends to speculate about the descendant's wishes.
- While tax reduction is a legitimate and proper consideration, the benefits of estate planning are not limited to those with taxable estates.
- Because planning an estate can be complex, always involve the assistance of an attorney who specializes in this area.
- The planning process should begin early. Death can come unexpectedly, and each of us needs to give thought to how we want to distribute what we own.
- Charitable giving techniques in an estate plan can help achieve personal goals and significantly reduce taxes, as well as advance a favorite cause in the future.

TAX CONSIDERATIONS

Any person who dies with an estate of more than the current exempt amount ($5.43 million in 2015) will be subject to Federal estate tax, assuming no taxable lifetime gifts were made. This amount may revert back to previous levels and the exempt amount could certainly be lowered in the future. Federal estate tax rates could also increase with future legislative action. The top Federal estate tax rate in 2015 is 40%. Many states also impose their own estate and inheritance taxes.

Two keys to good planning for reduction of taxes in an estate are the marital deduction and the charitable deduction. Married people tend to have more tax-saving options than single people; however, regardless of marital status, if saving taxes is important to you, please consider that any bequest to a charitable organization is estate tax–free.

WHERE TO BEGIN

Effective estate plans are based on specific objectives -- well thought out, and carefully spelled out in writing. And, these objectives should not necessarily be considered permanent; they should be reviewed at least every three years to make certain they still meet your needs and expectations. There are several factors one should consider as objectives for the estate plan --

- Conservation and growth of assets
- Preservation or growth of current income
- Protection against inflation and legal liabilities
- Preparation for financial emergency
- Security during retirement
- Passing on assets to family members, charitable organizations, and other beneficiaries
- Competent management of property
- Minimizing taxes during lifetime and at death

Your will (or your living trust) should be considered the foundation of your estate plan. Therefore, after you have developed an inventory of your current assets and listed your objectives, you may wish to visit with your accountant and attorney. They can help you complete the assessment of your estate and your attorney can help you prepare a will or a more comprehensive estate plan if needed.

Your will accommodates the disposition of most of your assets, but not all of them. Some of your assets will be distributed independently of your will's provisions. These assets may include property which is jointly owned, trust property (held in trust prior to your death), life insurance proceeds, individual retirement accounts, pension funds, other employee benefits, and outright lifetime gifts to family and charity. All of these assets are an integral part of your estate plan. Management of these assets and the ultimate disposition of them should be carefully coordinated with the terms of your will or living trust(s).

Consider also the probate process and possible tax liabilities of your estate. Your will or living trust(s) should:

1. **Distribute your property as you would like, including personal property with sentimental value.**
2. **Provide for future management of investments, real estate, or a family business.**
3. **Designate guardians for any minor children.**
4. **Name the executor, i.e., the person you want to distribute your estate (eliminating the need for a court-selected administrator).**
5. **Minimize the taxes and administration expenses in settling your estate.**
6. **Provide for charitable institutions or causes. If you want resources from your estate to go to the permanent endowment of Lincoln College it is wise to specify this desire.**

THE POTENTIAL BENEFITS OF CHARITABLE GIVING

Your basic estate plan should take into consideration the desirability and advantages of making gifts to charitable causes such as Lincoln College. Such gifts may be outright gifts during your lifetime and/or deferred (or "planned") gifts which benefit Lincoln College fully after you (and perhaps others) pass away.

It is frequently to a person's advantage to transfer cash, securities, real estate and other property to family members and charitable institutions, such as Lincoln College, while living rather than by will. These gifts can provide favorable income tax, capital gains tax, as well as estate tax benefits for the donor. In addition, the donor will enjoy the satisfaction derived from making the gift and watching the impact it has on the recipient.

Charitable giving not only reduces the tax impact on your estate, it allows you to invest in organizations that extend your values in perpetuity.

At Lincoln College, donors may make planned gifts in a number of ways. As always, your attorney and other tax advisors should assist you in determining which avenue of giving best helps you achieve your goals and objectives. Following are brief descriptions of planned gifts commonly used in the estate planning process:

1. A Charitable Gift by Will

Providing in your will a bequest of cash, personal property, or real estate to Lincoln College is the most common type of estate gift. Such gifts are not subject to Federal estate tax. When it is considered that the total estate taxes (Federal and state) may approach 40% on 2015 taxable estates of over $5,430,000 (excluding bequests to or in trust for a surviving spouse), you may want to explore how such a gift might reduce your taxes as well as significantly help Lincoln College.

2. Charitable Remainder Trusts

Establishing an irrevocable trust which provides an annual income to the donor and/or another person, for life or a period of years, is often an effective way to make a gift. Such trusts may also be set up by the donor's will, directing the income to another person (e.g., spouse or child) for life or a period of years, with the principal reverting to Lincoln College at their death(s). These charitable trusts include the Charitable Remainder Unitrust and the Charitable Remainder Annuity Trust. By law, the actuarial value of the charitable remainder interest must be at least 10% of the value of the total assets placed in the trust. In many cases, the use of one or more of these trusts can increase the donor's spendable income if the donor creates such a trust during the donor's life, and such trusts will in any event provide tax savings as well as advance the work of Lincoln College.

3. Life Income Gifts

The Charitable Gift Annuity and the Deferred Payment Gift Annuity are similar in concept to charitable remainder trusts. These plans do not require the establishment of a separate trust and are especially suited for smaller gifts. Information on all these "life income" gifts is available by writing or calling our office.

4. Gifts of Life Insurance or Retirement Plans

Lincoln College may be designated as the owner and beneficiary of an existing life insurance policy which you no longer need. Alternatively, you could choose to make Lincoln College the owner and beneficiary of a new life insurance policy. In either case there would be current income tax advantages available to you. Some persons discover that when the original purpose for which they took out an insurance policy no longer exists, the policy becomes an asset which they can donate.

Lincoln College could also be designated as the beneficiary of a 401(k), 403(b), or profit sharing plan, IRA, etc. The income taxes, that would otherwise be payable due to distributions after your death on qualified retirement benefits, are completely avoided if such benefits are payable to Lincoln College. In addition to income tax benefits, all of the above strategies can also generate estate tax savings.

5. Gift of Your Home, Vacation Property or Second Home

You may make a gift of your personal residence to Lincoln College and retain the right to live in the home for the remainder of your life. You are entitled to a charitable deduction from your Federal income tax equal to the present value of the remainder interest in your home (subject to the usual limitations as to the maximum amount of each year's income tax charitable deduction).

6. Charitable Lead Trust

You may choose to set up a trust which pays income annually to Lincoln College for a fixed period of years. After that time period, the principal of the trust reverts to you or to another person, such as your children or grandchildren. The trust can be structured to produce significant estate tax savings for your estate, as the trust property reverting to your descendants after a period of years can escape taxation in your estate. In addition, the trust can be structured and administered so that the income that is paid out to Lincoln College is not taxable to you.

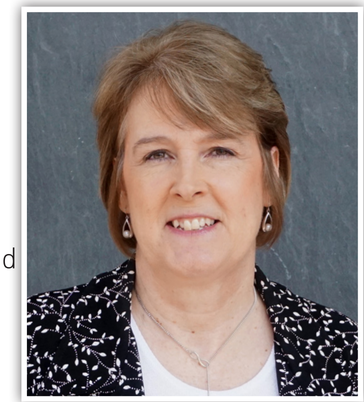
KEEPING YOUR ESTATE PLAN CURRENT

As important as it is to create an estate plan, it is equally important to make certain that its provisions remain up-to-date. Changes in your personal and financial circumstances are excellent reasons to review your plans. External factors, such as changes in property values, the stock market and the rate of inflation, are also important reasons to re-examine your plans.

In addition, changes -- and proposed changes -- in Federal tax laws may have a profound effect on your plans. The state in which you reside may have changed its laws, which will also have a bearing on your plans. Your attorney can help you determine what impact these laws may have and what you can do to protect your estate.

From Debbie's Desk

Debbie Ackerman '83 , Vice President for Institutional Advancement



We are living in an age of unprecedented change. As technology, legislations, and the cultural climate change faster than ever before, our ability to predict the future becomes less reliable. Perhaps more than ever, Ben Franklin's wisdom still applies. It was 1789 when Franklin wrote, "In this world nothing can be said to be certain, except death and taxes."

This is why estate planning is so important, no matter how small or large your estate may be. It allows you, while you are still living, to ensure that your property will go to the people and charities you want, in the way you want, and when you want. It permits you to save as much as possible on taxes, court costs and attorneys' fees; and it affords the comfort that your loved ones can celebrate your life and mourn your passing without being simultaneously burdened with unnecessary red tape and financial confusion.

Taking the time to create an estate plan is the best way to ensure that your personal and financial goals are achieved for the benefit of your family and those charitable institutions important to you. The complexity and changing nature of tax laws require the assistance and expert counsel of an attorney and, in some cases, other tax advisors.

A special thanks from all of us here at Lincoln College to Bernard "Bernie" Behrends '48, who was featured in this issue. Bernie's generosity has been extraordinary and we are truly grateful for his dedication to helping so many students attend LC that may not otherwise be able to pursue a college education. I hope you have found this newsletter to be informative and helpful. If you would like to request further information or speak with a member of the Advancement staff, a confidential reply card has been enclosed for your convenience. Please let me know if we can ever assist you in any way. Toll free: 877-522-5867 or Email: dackerman@lincolncollege.edu.

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