

# Solutions

## In this issue . . .

*Options for  
Outdated Insurance  
Policies . . . 2*

*Support for a  
Grandchild's College  
Expenses . . . 3*

*Helping Students, a  
Great Reward . . . 4*

*Internet  
Information  
on Planned  
Giving . . . 5*

*Shared Praxis  
Preparation for  
Ministry . . . 6*



GEORGE FOX  
UNIVERSITY

*a matter of mind  
and spirit*

## CHARITABLE PLANNING FOR THE TIMES OF YOUR LIFE

Most of us tend to measure our lives in terms of milestones: graduation from college, marriage, birth of a child, purchase of a home, arrival of a grandchild—all of which make our lives unique.

Many of these events naturally serve as reminders that it may be time for adjustments in our financial plans.

For those of us with significant charitable goals, such milestones may also signal opportunities to make plans that will enhance both personal and charitable objectives. Here are some common life situations and some opportunities they might present to those who desire to be good stewards—and wise ones also.

### CDs Not Paying Enough? Consider a Gift Annuity

**Situation:** I rely on the interest from my certificates of deposit to supplement my spendable income. Some CDs I purchased several years ago are coming due, and current rates are not very attractive.

What to do with maturing CDs is a dilemma for many people. Many retired people use CDs to furnish part of their retirement income because they are stable and dependable.

A very attractive option is to use the proceeds from CDs to fund a **charitable gift**

Gift Annuity Payout Rates

Age	One Life	Two Life
65	6.0%	5.6%
70	6.5%	5.9%
75	7.1%	6.3%
80	8.0%	6.9%
85	9.5%	7.9%
90	11.3%	9.3%

**annuity.** This gift plan provides a fixed and guaranteed annual income for the lifetime of one or two beneficiaries and then the remaining assets are used to support the ministry of George Fox University.

You are entitled to a charitable income tax deduction for the portion of the annuity gift that is to benefit George Fox. Further, part of each annuity payment is tax-free, and this increases the benefit to you.

*Example: David and Janet, both 75, have \$50,000 invested in CDs, currently paying about 4% interest. While they cannot perceive a need for the principal, the income the CDs generate does provide some needed retirement income.*

*They appreciate the ministry of George Fox University in the lives of young people, especially their two grandchildren. They would like to make a gift to benefit the university; however, they don't want to reduce their cash flow. If they renewed their CDs with their bank, the new rate could be 5% or less. This is better*

*than the payout rate was a couple years ago but it is still pretty meager.*

*David and Janet decide to put the proceeds of their CDs into a gift annuity that will pay them a 6.3% return (\$3,150 per year) as long as either of them lives.*

*In addition, the gift annuity provides two other benefits: 1) Their gift qualifies for an income tax deduction of \$20,000. 2) Since part of their annuity income is tax-exempt, the actual yield to them from the gift annuity is 8.1%—this is better for them than their CDs.*

## Insurance Policy No Longer Needed?

**Situation:** Our children have left home and they are well established. Now that we are retired, we don't need life insurance to provide security if I should die early. We would like to make a gift in support of George Fox's Cinema and Media Communications program. We are excited about the opportunities for students to develop their abilities with various media in the context of Christian education and principles. How can we make such a gift without cutting into our current cash flow?

Insurance is usually purchased on the life of one or both wage earners to protect the family's financial security during the

years that bring the greatest financial stress. As the years pass, the priority switches from providing financial security to maximizing income. A life insurance policy—especially one that has built up cash value—is an excellent asset with which to fund a charitable gift.

**Reason:** A gift of a life insurance policy is based on the lesser of either the premiums paid or the policy's "replacement value"—approximately its cash value.

A life insurance policy could be used to fund a charitable remainder trust. Such a plan converts an asset that produces no income—and which, in fact, may even require continued cash payments for the premiums—into a source of regular payments to you.

*Example: Hugh and Margaret McGuire, both 64, decide to establish a charitable remainder unitrust with the gift of a life insurance policy. Over the years they have paid \$205,000 in premiums; and the policy has a replacement value of \$110,000. The McGuires can transfer the ownership of the policy to a unitrust and assign all the rights in the policy to the trust. George Fox, as trustee, would then cash in the policy to fund the trust. Upon making this gift, the McGuires pay no tax on any gain in the policy, no matter how large the gain.*

*You have wisely built a portfolio of assets; now is the time to consider how to benefit from your wise stewardship.*

*The McGuires select a 6% payout rate for the unitrust that will provide distributions for the lifetime of Hugh and Margaret. They receive an immediate income tax deduction of \$30,520. Their income for the year following the gift will be \$6,600. During their projected lives, they will receive distributions totaling \$179,521.*

A life income gift plan is a good way to end premium payments and enjoy an income stream while you are living from a policy that is no longer needed.

## Helping a Grandchild Pay for College

**Situation:** Edna Scott adores her granddaughter. She has celebrated her first words and her first steps and she is now looking ahead to the time when Emily will be attending college. She would like to do something now to help with Emily's future college expenses.

One of the most important things a grandparent can do is provide some assistance for a grandchild's education. Imagine if it were possible to make a meaningful gift to George Fox—

and at the same time provide support for a grandchild's college education.

The **college gift annuity** plan involves a deferred gift annuity that is a contract between the university and the donor to provide a lifetime income beginning at some date in the future. By deferring the start of the annuity payments, the annuitant receives larger payments than if the payments started immediately.

Usually a grandparent contributes funds to a deferred gift annuity and designates a grandchild as the annuitant to receive the annuity payments. A college gift annuity is usually established when the grandchild is young (ages 1-10). The grandchild is entitled to a stream of payments for life (usually beginning at the age of 18 when the child is ready to enter college) but has the option to exchange the lifetime annuity payments for a stream of installment payments spread over four years. The grandchild will probably use the funds to attend college; however, he or she could use the funds for some other purpose. After the annuity has been paid, the remaining

funds benefit George Fox University. The donor receives an income tax deduction in the year the gift annuity is established.

**Example:** Edna Scott desires to help fund 3-year-old Emily's college education. She would also like to support the elementary education program that is one of the hallmarks of George Fox. Edna established a deferred gift annuity with a gift of \$12,000. Edna is the donor, and Emily is the annuitant. The annuity payout rate is based on Emily's age at the time of the gift—3 years.

Lifetime annuity payments are to begin when Emily reaches the age of 18; however, the plan enables her to receive the annuity payments over four years. She will receive \$3,963 per year for four years for total payments of \$15,852. These payments will be very important to Emily during her college years, and she will be very grateful to her grandmother.

At the time Edna sets up the annuity, she receives a charitable income tax deduction of \$3,996.

These situations provide just a sampling of the many ways you can coordinate your personal and charitable plans. You can establish a significant legacy and benefit from good planning decisions. We look forward to assisting you in meeting your planning objectives.

## HELPING STUDENTS IS A GREAT REWARD

“College is a turning point, so we encourage young people to attend George Fox where they can grow in their faith and character.” Wayne and Bertie Roberts have a heart for students and a love for George Fox University.



Dr. Wayne Roberts attended Pacific College (now George Fox) before completing his education in St. Louis. Wayne began

his family practice in the Medford area where he and Bertie raised five children, all graduates of George Fox.

Wayne served as a member of the board of trustees from 1954 to 1984 and has been an honorary member since 1986. Following their retirement, the Roberts moved to Newberg in 1991, where Bertie became an active volunteer with the university. In 1994 she was named the university’s volunteer of the year.

The Robertses owned a parcel of coast property that they acquired in 1963. “After we decided not to build on the property, we looked for a way to maximize the return on our investment. If we sold the property, we would have paid a significant amount of capital gains tax,” said Wayne. He indicated that the **charitable remainder unitrust** was a key to their planning. By establishing a unitrust with the property, the Robertses avoided the capital gains tax and were helped by a charitable income tax deduction. For many years they have benefited from the annual trust distributions.

Eventually, the proceeds from their unitrust will be used to establish the Wayne and Bertie Roberts Scholarship. “We are so appreciative of what is happening in the lives of the George Fox students we have come to know. If we can help students, that is very rewarding to us,” Bertie says.

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## WE ARE HERE TO HELP

Effective charitable planning can be the key to meeting your needs. You may find these planning strategies helpful as you make decisions that affect your life and reflect your values.

George Fox University offers various life income gift plans that offer significant advantages to the donor. Charitable trusts, gift annuities, life-estate agreements, and other planning instruments are available.

### For more information, please contact:

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More information is available online at  
[www.epg.georgefox.edu](http://www.epg.georgefox.edu)



GEORGE FOX UNIVERSITY

Office of Estate and Planned Giving

Please send me a complimentary copy of the following:

- Ways to Give**—an overview of gift-planning strategies.
- The Charitable Gift Annuity: Guaranteed Payments for Life.**
- College Gift Annuity Provides Future for Grandchild.**
- The Unitrust: Payments That Grow With Your Gift.**
- We have included George Fox University in our estate plan and would like to be a part of the Henry Mills Society.
- We would like information on how to include George Fox University in our estate plan.

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Name(s) *Please Print*

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Address

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Birth date Spouse's birth date

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# Solutions

## READ ALL ABOUT IT!

at [www.epg.georgefox.edu](http://www.epg.georgefox.edu)

What is the best source of the latest information? Where do you go to find the answer to a question—a book, a friend, the library, or the Internet?

Some of us may prefer to pick up a book or sit down to read the newspaper over a cup of coffee; however we are in the minority. E-mail and the Internet have become essential items in homes and offices.

The George Fox planned giving Web site ([www.epg.georgefox.edu](http://www.epg.georgefox.edu)) is a virtual library of planned giving information. The site has recently been redesigned with new information and features including:

- *Planned Gift Options* with real life examples.
- *Questions & Answers* on estate and charitable giving.
- *Gift Calculator* so you can calculate the deduction and payout rate for various planned gifts.
- *Planned Giving News*, providing items of interest and news affecting planned giving. This information is updated regularly.

Take a look at the new planned giving Web site. We want to be part of your information superhighway.

Attorneys and financial advisors are encouraged to utilize George Fox's Resources for Professional Advisors ([pgadvisor.georgefox.edu](http://pgadvisor.georgefox.edu)).



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# SHARED PRAXIS: PREPARATION FOR MINISTRY



George Fox University has a Christ-centered focus, and from its earliest years, the institution has made training for ministry a key part of its curriculum. Ministry is usually viewed as involvement in a local church setting or on the mission field. However, ministry for some students may involve service-oriented occupations or careers that meet the physical needs of hurting people.

**Shared Praxis** is an intentionally relational program consisting of four sequential courses that enable students to explore and develop skills for

ministry. Each Praxis group is limited to 12 students. A sense of community is developed during retreats, intense discussions, and the sharing of personal experiences.

Irv Brendlinger, professor of religion, has been involved with the program for the past 10 years. “Shared Praxis presents a holistic view of ministry to students. We seek to have each student gain an integration of faith in life that leads to service.”

Brendlinger describes a key part of the Praxis program, “Students choose three areas of ministry and do a research

*“The things I have learned, the people I have met, and the experiences we have had together in this class will be taken with me throughout my life.”*

—Carol Walter

*“I now have a greater understanding of what ministry means and I feel more prepared to go out and minister.”*

—Francesca Nelson

project to discover an area of ministry that is appropriate for them. This leads to an internship to validate the student’s ministry match. Students have been involved in youth ministry, Habitat for Humanity, and Pregnancy Resource Center. For one student, her internship confirmed that she liked working with people in need.”

“I love getting to know these students, watching them develop their own understanding of ministry, and coming to terms with their own theology,” says Brendlinger.



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