

INVESTING — IN THE — FUTURE



A GUIDE TO PLANNED GIVING

A Message from Kate Koob, Heritage Society Spokeswoman

For me, it was exciting to learn that through a planned gift, you can use your giving to achieve personal goals and enhance your financial security and at the same time help to shape the future of Wartburg College and its students.

Your gift can help fund new facilities, support our faculty, endow a scholarship—the possibilities are endless. The use of your gift is restricted only by your imagination.

I have made a planned gift to endow a scholarship as well as support one of the many endowed scholarships already established. Some of these honor former faculty and staff, while others are in memory of loved ones.

Your gift can add to any existing scholarship or establish a new one in honor of someone who impacted your life.

Your gift can be, and should be, a permanent and individual expression of your faith and vision.

Kathryn "Kate" Koob



Wartburg College Heritage Society

The Heritage Society was established in 1977 to thank and recognize alumni, parents, and friends who have included Wartburg College in their estate plans. We believe those who make provisions for future gifts to Wartburg hold a special place in the life of the college. They regard the college as a family member when placing Wartburg in their estate plans, providing for both their family and the charities they care about. More than 650 households now hold membership in the Heritage Society.

Heritage Society members are recognized each year at the Homecoming Luncheon, when new members receive an exclusive framed watercolor print of Old Main, shown at right. If you have included a gift to Wartburg in your estate plan and have not let the college know, please do so.



A planned gift may be personally presented to Wartburg or be arranged for delivery through the donor's estate. For many Heritage Society members, a planned gift is a natural extension of their generosity to Wartburg during their lifetimes.

How Do I Make a Planned Gift?

Wartburg College has prepared this booklet so you can learn how simple it is to make a gift to Wartburg through your will or living trust, or by other creative ways in which you, your loved ones, and Wartburg all benefit.

The following pages outline the many gift options available to you, all of which qualify you for membership in the Heritage Society, unless noted otherwise.

The information in this publication is not intended as legal or tax advice. For such advice, please consult an attorney or tax adviser. Figures cited in examples are for hypothetical purposes only and are subject to change. References to estate and income taxes include federal taxes only. State income/estate taxes or state law may impact your results.

Gifts That Cost You Nothing During Your Lifetime

There are many ways to support Wartburg's future that do not cost you anything during your lifetime.

- **Gifts in Your Will or Living Trust (Bequests)**

Give to Wartburg without affecting your cash flow during your lifetime.

- **Gifts Made Through Retirement Plans**

Preserve the worth of your retirement assets when all or a portion is given to Wartburg rather than to your family because Wartburg is tax exempt and your family would be taxed.

- **Testamentary Life Income Gifts**

One gift in your estate can benefit your family with income for a fixed number of years and Wartburg and other charities you love with a remainder gift after those fixed number of years.

- **Gifts of Life Insurance**

Give a policy you no longer need to Wartburg, or name Wartburg as one of the beneficiaries.

Bequest: Gift From Your Will or Living Trust

A bequest is one of the easiest gifts you can make to significantly impact the mission of Wartburg College. Your estate planning attorney can include a provision in your will or living trust specifying a gift to family, friends, or Wartburg as part of your estate plan.

When Tom and Martha got married, they made a point to put together a will to protect their assets. They both loved Wartburg College and decided to include a bequest of \$75,000 to us in their will. As Tom and Martha's family grew to include three children, they decided to revise their gift to ensure their children's future financial security. They met with their attorney and revised the bequest language so that their gift to Wartburg was now a percentage of their estate instead of a specific amount. Tom and Martha now rest easy knowing when they die, their plans will provide for the people and charitable work they love.

How It Works

- Include Wartburg as a beneficiary in your will or trust.
- Make your bequest unrestricted or direct it to a specific purpose.
- Indicate an amount, a percentage of your estate, or a portion of the balance of your estate remaining after all gifts have been made to your family.
- Even if you stipulate that assets should go to family members or friends first, it is important to provide for a contingent beneficiary, such as Wartburg, should your named individual beneficiaries not survive you.

Benefits to the Donor

- Your assets remain in your control during your lifetime.
- Your bequest is revocable; you can modify your bequest as circumstances change during your lifetime.
- Your bequest is not subject to federal estate or capital gains taxes.

Gifts Made Through Retirement Plans

Most people hold retirement savings in assets such as IRAs, 401(k)s, 403(b)s, and pensions. This is one of the best gifts to consider. You need only to name Wartburg as a beneficiary. No attorney involvement is necessary.

Robert and Carol treasure the financial help they've been able to give their children and Wartburg College over the years. Now that their kids are grown, Robert and Carol changed their estate plan so it could work harder for the people and causes they love. The couple updated their will to leave a \$75,000 IRA to be transferred after their death. Because Wartburg is tax-exempt, all \$75,000 will help support our mission.

If Robert and Carol had left the IRA to their children, approximately \$21,000* would have gone to pay federal income taxes—leaving only \$54,000 for their family's use. Robert and Carol are happy knowing they are making the most of their hard-earned money thanks to their updated estate plan.

**Assuming a 28 percent income tax bracket*

How It Works

- Contact your retirement plan custodian to complete a beneficiary designation.
- A portion or all of the balance in your plan(s) passes to Wartburg after your passing.

Benefits to the Donor

- Avoid the heavy taxation your family will incur if your retirement savings are designated solely to your family as the beneficiaries.
- Continue to take regular lifetime withdrawals.
- Gift your family instead the assets that “step up” in basis at death, such as stock and real estate.

Testamentary Life Income Gift

A testamentary life income gift is a trust that pays income to one or more beneficiaries upon your death for a fixed number of years, after which the remaining assets in the trust pass to Wartburg College. It's a good way to leave a gift to family members who may not wish to manage a large, lump-sum bequest.

John wanted to make arrangements in his estate plan to benefit both the college he loved and his three children. He directed his will to establish a \$200,000 charitable remainder trust at his death. He designated his three children to receive the income from the trust for the next 10 years following his death. At the end of 10 years the remainder value of the trust passes to Wartburg College. John was very gratified to know he would be benefiting both his family and his favorite charity long after his death.

How It Works

- You write a will or living trust directing a bequest to Wartburg.
- You provide that the bequest first creates a life income gift benefiting your designated beneficiaries (family).
- After their income interest terminates at the end of the fixed numbers of years, the remaining balance passes to Wartburg.

Benefits to the Donor

- You provide an inheritance for your family in an appropriate amount and timeline.
- You give it twice—your bequest benefits both your family and Wartburg.
- Your estate will be eligible to claim a charitable deduction for a portion of the amount of your bequest.
- You may modify your bequest if your circumstances change prior to your death.

Gifts of Life Insurance

A life insurance policy can name a spouse or child as a beneficiary. You can also name Wartburg College as a beneficiary.

When his two daughters were young, George Wolters bought a life insurance policy to provide for his family in the event of his death. Now he's 65, and things have changed. "My daughters are both grown and doing very well for themselves, and over the years, my wife and I have become fairly comfortable—she will no longer need the death benefit from my policy," he said.

Maybe you once needed life insurance for your loved ones, but now your family's requirements have changed. Why not use the insurance policy to help advance our mission? Not only will you make a substantial gift at a relatively low cost, but it is revocable at any time should you need to change your plans. You can designate Wartburg College as the beneficiary for a percentage of your life insurance policy's death benefit. You choose whatever percent you desire. To complete your future gift, contact your insurance company or agent and request and complete a beneficiary designation form. Then mail it back to the insurance company. Keep a copy for your records.

How It Works

- You name Wartburg as a beneficiary of an existing life insurance policy.
- You may also transfer ownership of a life insurance policy to Wartburg using a form obtained from your insurance agent. You continue to make annual tax-deductible gifts to Wartburg to pay premiums to maintain the policy in effect, if necessary. An added benefit to this scenario is that you receive an immediate income tax deduction for the cash value in the policy and for any premium payments.

Benefits to the Donor

- It's easy to do. You only need to request a beneficiary form from your insurance or retirement planning adviser.
- You gain the satisfaction of making a significant gift to Wartburg without adversely affecting your cash flow.

Gifts That Pay You Back

Gifts that provide you with lifetime income have many benefits: dependable income for you and your family, current and future tax savings, and a means to make a significant gift to Wartburg College. They can help you reach both personal and philanthropic goals, like planning for retirement, the education of your children and grandchildren, or the care of loved ones.

- Charitable Gift Annuity—Immediate

Receive stable lifetime payments and significant tax benefits.

- Charitable Gift Annuity—Deferred

Build retirement earnings by deferring the start of annuity payments.

- Charitable Remainder Unitrusts

Create a flexible source of income and receive tax advantages.

- Charitable Remainder Annuity Trusts

Receive fixed payments and tax advantages.

Charitable Gift Annuity—Immediate

A charitable gift annuity is a contract between you and Wartburg College in which you make a gift and, in return, you receive a lifetime stream of income payments.

Grayce Hartman is a 1960 graduate of Wartburg College and today is an enthusiastic supporter of the college and its mission. Giving back to Wartburg through financial support has been a natural response of Grayce's strong sense of connection with the college. One of her favorite avenues of support has been through charitable gift annuities. "Gift annuities are the best of all worlds," Grayce reflects. "They will provide Wartburg with future funds to support its mission, and they also give me some additional income. The extra money I receive, especially around Christmas time and tax season, is always a nice bonus that I welcome." Grayce enjoys the attractive payment rates, the fixed annual income stream for life, no fees of any kind, the tax deduction, and the satisfaction of investing in Wartburg students. "It's a win-win for both the college and me."

How It Works

- You make a gift of cash or securities to Wartburg.
- You receive a charitable deduction.
- Wartburg pays you a fixed income for life. You may also name one other beneficiary to receive fixed income for life if you wish.
- Each payment will be a fixed amount that will depend on your age(s).
- All or a portion of the remaining balance passes to Wartburg College when the contract ends.
- The minimum gift requirement is \$10,000.

Benefits to the Donor

- Receive dependable, fixed income for life in return for your gift.
- In many cases, charitable gift annuities provide higher yields than you currently receive from stocks or CDs.
- Receive an immediate income tax deduction for a portion of your gift.
- A portion of your annuity payment will be tax-free.

Charitable Gift Annuity—Deferred

A deferred charitable gift annuity is like an immediate charitable gift annuity, but it begins making payments for the life of the beneficiary at a date you designate at least one year in the future. It can help build a retirement fund.

A deferred charitable gift annuity can be the solution if you need tax relief now but want to defer the income for retirement, you want to support Wartburg College but fear you may need the cash flow in the future, or you want to provide for the future of your children—by helping to fund their college education, for example.

How It Works

- You transfer cash or securities to Wartburg College.
- You receive a charitable deduction.
- Beginning on a specified date in the future determined by you, Wartburg begins to pay you, or up to two beneficiaries you name, fixed annuity payments for life.
- The amount of each payment will depend on your age(s).
- All or a portion of the remaining balance passes to Wartburg when the contract ends.
- The minimum gift requirement is \$5,000.

Benefits to the Donor

- Deferral of payments permits a higher annuity rate and generates a larger charitable deduction.
- You can target your annuity payments to begin when you need them, such as retirement or when a grandchild needs help with tuition payments.
- The longer you defer payments, the higher the rate of return you will receive.
- A portion of your annuity payment will be tax free.

Charitable Remainder Unitrust

With a charitable remainder unitrust you transfer an irrevocable gift of cash or securities to a special trust that is invested to generate income for you and other beneficiaries you designate. Your income payment is a fixed percentage of the trust amount, valued at the beginning of each year.

Susan, 60, wants to make a gift to Wartburg College but would also like more income in the future. Susan creates a charitable remainder unitrust with annual lifetime payments to her equal to 6 percent of the fair market value of the trust assets as revalued annually. She funds the trust with assets valued at \$250,000.

Susan receives \$15,000 the first year from the trust. Subsequent payment amounts vary each year depending on the annual valuations of the trust assets. She is eligible for a federal income tax charitable deduction of \$81,305* in the year she creates and funds the trust. This deduction saves Susan \$22,765 in her 28 percent tax bracket.

**Deduction is dependent on income earned.*

How It Works

- You transfer cash, securities, or other appreciated property into a trust.
- The trust will sell your assets tax free.
- The trust pays you a percentage of the value of its principal, which is valued annually, to you or to beneficiaries you name.
- When the trust terminates, all or a portion of the remainder passes to Wartburg College to be used as you have directed.
- The minimum gift requirement is \$100,000.

Benefits to the Donor

- Receive income for life or a fixed number of years in return for your gift.
- Receive an immediate income tax deduction for a portion of your gift.
- Avoid capital gains tax on appreciated assets you donate.
- You can make additional gifts to the trust as your circumstances allow for additional income and tax benefits.
- Your trust can meet personal or family needs that are tied to a specific time frame, such as tuition payments.

Charitable Remainder Annuity Trust

With a charitable remainder annuity trust, you transfer an irrevocable gift of cash or securities to a special trust that is invested to generate income for you and other beneficiaries you designate.

The charitable remainder annuity trust functions much like the charitable remainder unitrust. The exception is that the donor receives the same fixed annual payment each year over the life of the trust. Payment amounts do not vary each year, regardless of the annual valuations of the trust assets.

How It Works

- You transfer cash, securities, or other appreciated property into a trust.
- The trust will sell your assets tax free.
- The trust makes fixed annual payments to you or to beneficiaries you name.
- When the trust terminates, all or a portion of the remainder passes to Wartburg College to be used as you have directed.
- The minimum gift requirement is \$100,000.

Benefits to the Donor

- Receive income for life or a fixed number of years in return for your gift.
- Receive an immediate income tax deduction for a portion of your gift.
- Avoid capital gains tax on appreciated assets you donate.
- Your trust can meet personal or family needs that are tied to a specific time frame, such as tuition payments.



Other Gifts That Give You Strategic Advantages

There are additional strategic options available to help you meet your personal and philanthropic goals.

- Retained Life Estates

Receive a large deduction by donating a residence, farm, or ranch while retaining the right to live there for life.

- Bargain Sale

Sell appreciated real estate for less than its market value and receive a charitable deduction for the difference.

- Charitable Lead Trusts

Discover an innovative way to pass appreciating assets on to family members while making gifts in the interim to Wartburg College.

Retained Life Estates

With a retained life estate, you deed your home, farm, or ranch to Wartburg College and receive a charitable deduction and the right to remain living in your home, farm, or ranch for the rest of your life.

Sue and Ted give Wartburg College the remainder interest in their home, currently valued at \$200,000, and retain the right to live in the home for their lifetime. After their deaths, Wartburg receives the home. Sue and Ted, based on their ages of 69 and 70, are eligible for an income tax deduction of \$64,848 in the year they establish the life estate gift, and it removes the full value of the home from their federal estate.

How It Works

- You transfer your residence, farm, ranch, or vacation home to Wartburg, subject to a life estate agreement.
- You continue to live in the property for life, or a specified number of years, and continue to be responsible for all taxes and upkeep.
- You hire an appraiser to establish the value of your property.
- The property passes to Wartburg when your life estate ends.

Benefits to the Donor

- You give Wartburg College a significant asset, but retain the security of using it for the rest of your life.
- You receive an immediate tax deduction and associated income tax savings for a portion of the appraised value of your property.
- You can terminate your life estate at any time by vacating and giving the property to Wartburg, at which point you may receive an additional tax deduction.

Bargain Sale

With a bargain sale, you sell appreciated real estate for less than its market value and receive a charitable deduction for the difference between the sale price and full market value.

Ruth purchased a home many years ago for \$40,000. It is worth \$120,000 now, but she sells it to Wartburg College for the original price of \$40,000. Her charitable contribution is \$80,000 (market value less sale price). Some capital gain is incurred in this transaction, but a portion of the transaction escapes taxation. Ruth receives an \$80,000 charitable deduction. With a bargain sale, she made a significant gift, received immediate cash, and was relieved of the time, effort, and cost of a normal sale.

How It Works

- You sell your residence or other property to Wartburg for a price below the appraised market value, resulting in a transaction that is part charitable gift and part sale.
- Wartburg may use the property, but usually elects to sell it and use the proceeds of the sale for the gift purposes you specify.

Benefits to the Donor

- You receive an immediate income tax deduction for the appraised market value of the property you donated less the sale price.
- You pay no capital gains tax on the donated portion of the property.
- You use cash from the sale portion to retire a mortgage or purchase other property.
- You have the satisfaction of making a significant gift to Wartburg during your lifetime.



Charitable Lead Trust

A charitable lead trust is the opposite of a charitable remainder trust. A gift is made to Wartburg College that generates tax benefits to the donor and pays income to Wartburg for the term of the charitable lead trust.

George would like to support Wartburg College and provide for his children. Following his adviser's recommendation, George funds a charitable lead annuity trust with assets valued at \$800,000. George's trust pays \$56,000 (7 percent of the initial fair market value) to Wartburg each year for 15 years, which will total \$840,000. After that, the balance in the trust goes to his children. His gift tax deduction is \$698,488* against the \$800,000 of assets. Therefore only the difference (\$101,512) is subject to gift tax, which is offset against his lifetime gift tax exclusion. After that, the remaining trust assets and all of their growth will pass to his family at zero additional cost in gift and estate taxes. Had George given the \$800,000 outright to his children, it would have been a taxable gift.

**Assuming annual payments and a 2.4 percent charitable midterm federal rate*

How It Works

- You contribute securities or other appreciated assets to a charitable lead trust.
- The trust makes fixed annual payments to Wartburg for a number of years.
- When the trust terminates, the remaining principal is paid to your family.
- The minimum gift requirement is \$100,000.

Benefits to the Donor

- Donating a gift that makes payments to Wartburg for a number of years reduces the ultimate tax cost of transferring an asset to your family.
- The amount and term of the payments to Wartburg can be set so as to reduce or even eliminate transfer taxes due when the principal reverts to your family.
- All appreciation that takes place in the trust goes tax free to the individuals named in your trust.
- The gift tax deduction permits you to give significant assets to your family during your lifetime at a reduced or zero gift cost.

Gifts Made Through Strategic Use of Your Assets

Many donors have discovered that making strategic gifts from assets can provide tax advantages as well as meaningful support for beneficiaries. **These gifts immediately impact the lives of Wartburg students but do not qualify for the Heritage Society.**

- Gifts of Appreciated Securities

The IRS allows you one of its most significant tax breaks for gifts of appreciated securities.

- Gifts of Real Estate

Make a substantial gift to Wartburg through the transfer of residential, commercial, or undeveloped real estate.

- Gifts of Personal Property

Donate artwork or valuable personal articles and secure an income tax deduction.

- Gifts to Endowment Funds

Make a gift to ensure your philanthropic legacy lives forever.

- Gifts from an IRA

Use up to \$100,000 in disbursements annually for charity.

Gifts of Appreciated Securities

A gift of stocks or bonds may provide you even greater tax benefits than a gift of cash as you avoid capital gains tax if the securities have appreciated in value, in addition to receiving a charitable income tax deduction.

	Donate stock directly	Donate net proceeds
Current fair market value of securities	\$100,000	\$100,000
Long-term capital gains tax	\$0	\$14,250
Amount donated to charity	\$100,000	\$85,750
Personal income tax savings (28 percent of amount donated to charity)	\$28,000	\$24,010

How It Works

- You transfer securities to Wartburg College, most often by electronic transfer.
- Contact the college for transfer instructions.
- Wartburg sells your securities and uses the proceeds for the use you designate.

Benefits to the Donor

- You receive an immediate income tax deduction for the current value of the securities on the date of transfer, no matter what you originally paid for them.
- You pay no capital gains tax on the appreciated securities you donate.
- You can direct your gift to a specific fund or purpose.



Gifts of Real Estate

A gift of real estate owned for more than one year provides you with both a charitable deduction based on the current value of the property and avoidance of capital gains tax on the sale of the property.

Janet purchased her home years ago and has watched it grow steadily in value. Still active in her career and traveling frequently, she's beginning to find home ownership more and more of a hassle. At this stage of her life, Janet has decided to move to a 55+ condominium development, where all exterior maintenance is provided and she doesn't have to worry about security issues. Janet sees this as an opportunity to give her existing house to a charity that's important to her while realizing valuable tax benefits.

Janet qualifies for a federal income tax charitable deduction of \$250,000, which is for her home's fair market value today. She is able to claim 30 percent of her \$200,000 adjusted gross income, or \$60,000, in the year of the gift. In the five years following, she can continue to use up the remaining \$190,000 deduction. Janet is happy in her new condo and loves knowing that the gift of her house will make a big difference supporting our mission.

How It Works

- You deed your residence, a vacation home, or other investment property to Wartburg College.
- Wartburg sells the property and uses the proceeds for its programs.

Benefits to the Donor

- You receive an income tax deduction for the fair market value of the real estate, no matter what you originally paid for it.
- You pay no capital gains tax on the transfer.
- You can direct the proceeds from your gift to a specific Wartburg program.

Gifts of Personal Property

Selected artwork, antiques, and valuable personal articles are examples of personal property that may also qualify for charitable gifts. Please contact us to ensure your gift of personal property qualifies for a favorable charitable tax deduction.

How It Works

- You transfer a painting, antique, or other personal property to Wartburg College.
- Wartburg may elect to hold the property and display or use it in furthering its mission. Wartburg may elect to sell the property and use the proceeds for its programs.
- You need an appraisal for a gift greater than \$5,000.

Benefits to the Donor

- You receive an immediate income tax deduction for the appraised value of your gift and pay no capital gains tax, provided your gift satisfies the “related use” requirements of the IRS.
- You can have the satisfaction of making a significant gift now to Wartburg without adversely affecting your cash flow.

Gifts to an Endowment Fund

An endowment fund financially sustains the mission and work of Wartburg College. The principal of an endowment fund is kept intact and only the annual earnings are used to fund current needs such as scholarships for students.

How It Works

- You give a gift during your lifetime, or through your will, of cash, securities, or other appreciated property to Wartburg.
- Wartburg uses your donation to fund an endowment.
- A named endowment can be established with a minimum gift of \$50,000 for student scholarships or with a minimum gift of \$100,000 for other endowment funds.

Benefits to the Donor

- An endowment can be funded outright or by a multiyear pledge, bequest from your will, or designated remainder from either a trust or annuity.
- An endowment ensures that your philanthropic legacy lives forever.
- You designate how the endowment is to be used and for what purpose.

Gifts from an IRA

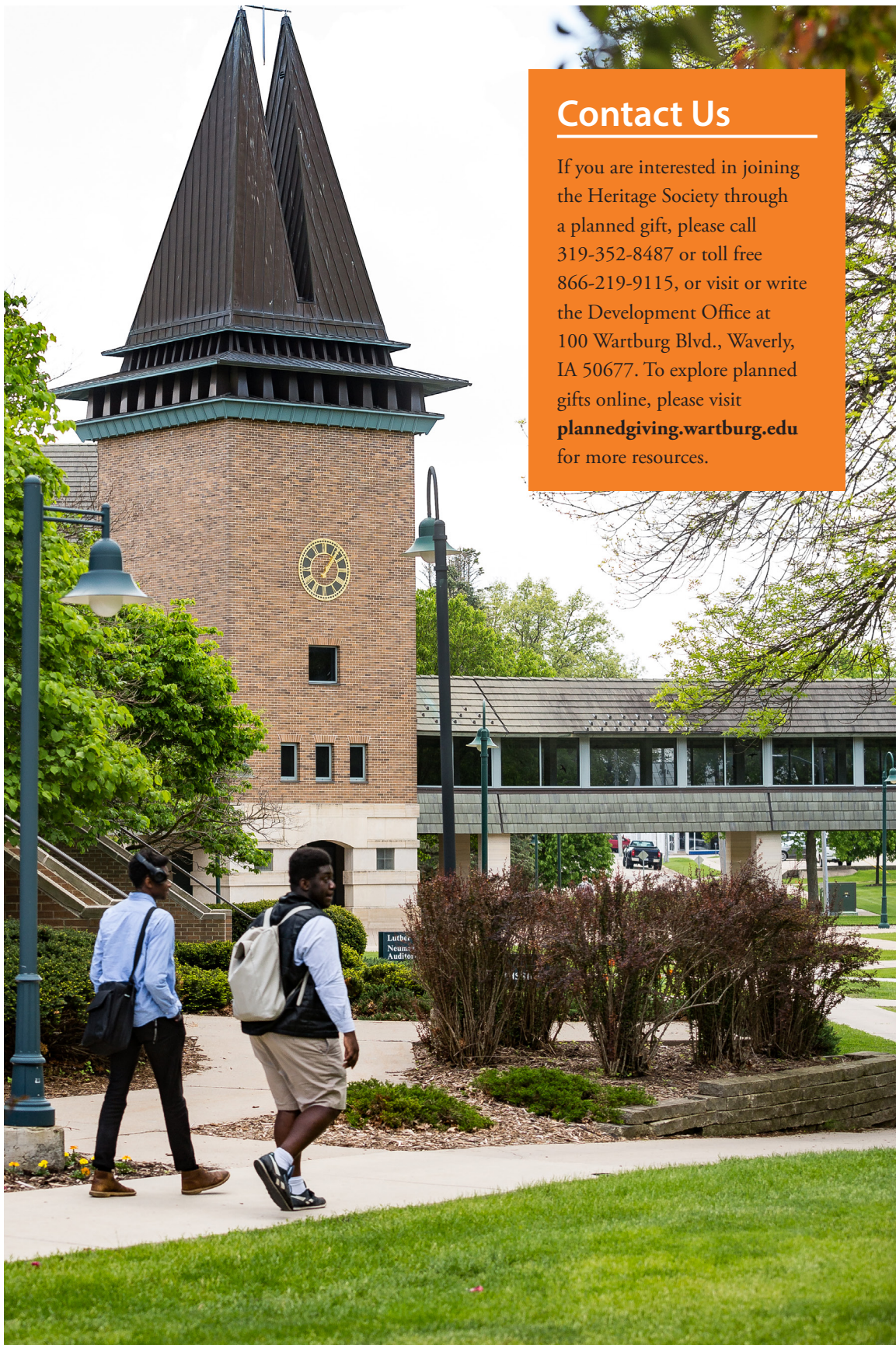
If you have a traditional IRA and you are 70½ or older, you can transfer up to \$100,000 per year to qualified charities, for which Wartburg College qualifies. These charitable IRA transfers avoid taxes and count toward the minimum required annual distribution.

How It Works

- You contact your IRA custodian and request the transfer. The college has sample letters to help you make the request if desired.
- Your IRA custodian sends the gift directly to Wartburg. It is not routed through you.
- The gift from your IRA is used as you have designated.

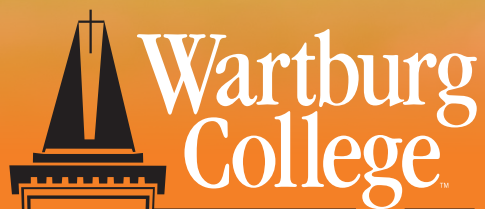
Benefits to the Donor

- The charitable IRA rollover makes it easier to use IRA assets, during your lifetime, to make charitable gifts.
- Because the withdrawal does not come through you, it is not counted as taxable income; therefore, you avoid income taxes.
- It can reduce taxes on minimum required distributions, especially if they put you in a higher tax bracket.
- A couple that each has an IRA may direct up to \$200,000 in gifts per year in this manner.
- This gift works well for those with so few deductions that they choose not to itemize.



Contact Us

If you are interested in joining the Heritage Society through a planned gift, please call 319-352-8487 or toll free 866-219-9115, or visit or write the Development Office at 100 Wartburg Blvd., Waverly, IA 50677. To explore planned gifts online, please visit **plannedgiving.wartburg.edu** for more resources.



Development Office

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Wartburg College is dedicated to challenging and nurturing students
for lives of leadership and service as a spirited expression of their faith and learning.