

# The Legacy



of Psi Upsilon

## The Many Ways You Can Make a Lasting Difference Find the Option That Works for You

**A**s you grow older, you begin to realize that many of the good things in this world are a result of people opening their hearts. This generosity is often a thank you for assistance received in the past, an expression of compassion for a mission that touched someone's heart or the result of witnessing the inspiring story of someone in need.

Your options for giving are almost as abundant as your reasons for giving. Here are just a few of the ways you can support Psi Upsilon in pursuing the highest moral, intellectual and social excellence in our chapters well into the future.

- **Donate cash today**—You can give a little every year or one lump sum to help us provide operational necessities.

- **Include us in your will**—Cash or property that you designate in your will can help future generations.
- **Donate life insurance**—You can easily support our mission by naming us as a beneficiary on a policy you already own.
- **Consider your retirement plan assets**—By making a simple designation on your beneficiary designation form, you can save your loved ones from a heavy tax burden.

Your support is important to us and continues to make our work possible. If you have any questions about opportunities for giving to The Psi Upsilon Foundation or the benefits you can receive for doing so, you can easily learn more:



Contact Mark A. Williams, Phi '76  
Executive Director at  
(800) 394-1833, Ext. 27

Thank you for your support! Your gift, large or small, makes a big difference to our mission.

### WHAT'S INSIDE?

- > Your Retirement Plan May Be Worth More Than You Know
- > How to Name Psi U as Beneficiary of Your Retirement Plans
- > New Opportunity for 2010: Convert Your IRA

# Your Retirement Plan May Be Worth More Than You Know

57%

**Research shows that 57 PERCENT of Americans AGED 30 AND OLDER aren't aware of the tax effects on their retirement accounts when they name loved ones as beneficiaries.**

*Source: 2009 Stelter Donor Insight Report*

**I**f you leave your retirement plan assets to your loved ones after you're gone, you may be leaving them with more tax burden than gift!

Retirement plans are excellent vehicles for accumulating assets for your use during retirement, but they are terrible for transferring wealth to others. After you're gone, the recipients of your assets may find their inheritance seriously depleted by taxes. (A spouse can defer immediate taxation via a spousal rollover, but others don't have the same options.) Naming a tax-exempt charity like The Psi Upsilon Foundation, however, eliminates these tax headaches.

## The Tax Bite

When your retirement plans are passed to your loved ones, they become subject to income tax. This could leave your beneficiaries with only 65 percent of the value of their inheritance.

## Preserve Your Retirement Account Value

Leaving your retirement account to The Psi Upsilon Foundation after your lifetime avoids any assessment of income tax. This means that we can put the full value of your retirement assets to good work.

## Case Study

Gene is updating his plans with his estate planning attorney, and he has a retirement account worth \$100,000. He would like to provide for his daughter, Susan, after his lifetime as well as The Psi Upsilon Foundation. Gene currently gives about \$4,000 each year to support our work, and he would like to establish some type of gift to continue his \$4,000 gift long after he's gone. His attorney discusses the idea of using his retirement plan as the funding asset for his charitable gift. They discuss the tax implications if Gene were to otherwise leave his retirement plan to Susan.

If Susan inherits the retirement plan, only \$65,000 will be left for her after taxes. If Gene instead leaves the account to The Psi Upsilon Foundation, we will receive the full \$100,000 because we are a tax-exempt entity—taxes are completely avoided. To provide for Susan, Gene's attorney suggests naming her as the beneficiary of other assets in Gene's estate that carry less of a tax burden.

Plus, if The Psi Upsilon Foundation uses only 4 percent of the \$100,000 each year and invests the remainder for the long term, we should be able to effectively replace Gene's current \$4,000 annual gift. The decision to leave the retirement account to Psi U becomes an easy one for Gene.

## Compare the Tax Consequences

### Retirement Account Left to Susan vs. Psi U

Retirement Plan Beneficiary	Susan	Psi U
Retirement Plan Value Before Taxes	\$100,000	\$100,000
Federal Income Taxes*	-\$35,000	\$0
Net to Beneficiary After Taxes	\$65,000	<b>\$100,000</b>



\*Assumes a 35 percent income tax bracket in 2010

# How to Name Psi U as Beneficiary of Your Retirement Plans

**I**f you're considering changing the beneficiary of your retirement plan to benefit Psi Upsilon but are worried that the process may be inconvenient and complicated, you're about to be pleasantly surprised. Changing your beneficiary designations is easy and relatively hassle-free.

- **Simply contact** your retirement plan administrator for a change of beneficiary form.
- **Decide** what percentage you would like The Psi Upsilon Foundation to receive and name us, along with the percentage you chose, on the beneficiary form.
- **Return** the form to your plan administrator.

## Find Good Advice

Consulting an estate planning attorney is a smart investment that can save you and your family money and heartache in the long run. Please seek legal advice before deciding who will get what in your estate plan.

### CONTACT

**Mark A. Williams, Phi '76**  
**Executive Director at (800) 394-1833, Ext. 27**  
**or [maw@psiu.org](mailto:maw@psiu.org) with any questions you have about this or other giving options.**

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

## What Are the Kids Thinking?

New research reveals how your loved ones really feel about sharing a piece of their inheritance with a nonprofit. Of the adults surveyed, 72 percent feel it's reasonable for you to designate 5 to 10 percent to charity. We hope you will consider this when you are making your plans for the future. Even a small percentage can make a significant impact on the people we serve.

*Source: 2009 Stelter Donor Insight Report*



Lifelong brotherhood was exemplified by James Basnet, Zeta Zeta '10 (UBC) and Gil Middleton, Zeta Zeta '55 at a Psi Upsilon reception in Victoria, British Columbia

## Thank You!

### Your Kindness Gives Psi U Brothers the Support They Need

Because of people like you, Psi U's vision and mission are possible. We truly appreciate your thoughtfulness and want you to know that no matter the size of your gift, you're making a big difference.

With the help of recent gifts, in the past three months, we have been able to:

- **Charter a new chapter**, the Phi Nu at Christopher Newport University in Newport News, VA
- **Award 20 scholarship** grants to outstanding brothers who seek the highest moral, intellectual and social excellence
- **Planned the Leadership Institute** at the 167th Psi Upsilon Convention to be held in June

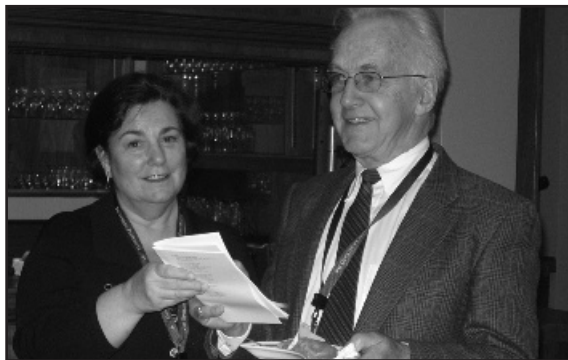
## New Opportunity for 2010: Convert Your IRA

**T**he year 2010 offers a great opportunity if you have an IRA. IRAs can now be turned into Roth IRAs regardless of your income—prior to this year, you could only do this if your adjusted gross income was \$100,000 or less.

Any amount you withdraw from an IRA is typically taxable income to you, so being able to have an account that you can access tax-free is a great advantage to you. A Roth IRA allows you to take funds from the plan income tax-free if you meet certain conditions, and you never have to take mandatory withdrawals during your lifetime.

When converting, you'll have to pay income tax on the IRA amount you convert, but you can pay half the taxes in 2011 and half in 2012. If your IRA is currently worth less than what it used to be, it may be an opportune time to convert to a Roth. If it is worth less when you convert it, you'll pay tax on a smaller amount.

Take this opportunity to expand your philanthropic desires by making a tax-deductible gift to Psi U to help offset the taxes generated by the Roth conversion. Call our office at (800) 394-1833, Ext. 27 for more information on ways to offset your taxes.



Henry Ravensdale, Epsilon Phi '62 (McGill) and his wife Darlene joined the celebration of Psi U in Victoria, British Columbia in January.



Tom Beingessner (left) and Chris Bartsch, both Zeta Zeta '11 (UBC) enjoyed meeting alumni in Victoria, British Columbia. Chris is the current archon of the Zeta Zeta chapter.



For more information, call or write:  
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