

The Legacy



of Psi Upsilon

A Knack for Investments, a Passion for Giving Back

When it comes to the world of finance, Bob Petersen, Omicron '68 (Illinois) has proven he knows what he's doing. But one thing he didn't have before he embarked on his longstanding career was the savvy and outgoing people skills often required to be successful. That's where his Psi Upsilon chapter played a pivotal role. And that's why he is showing his gratitude by including The Psi Upsilon Foundation in his will.



From left: Omicron brothers Mark Netter '69, Bob Petersen '68 and John Stewart '69 enjoy homecoming festivities at the chapter house at the University of Illinois.

"I owe a great deal of my success to my Psi Upsilon brothers," Bob says. "I was rather shy when I started

"Psi U has been a large influence in my life, and it feels great to know that I, along with others like me, am able to help that tradition continue for a new generation."

—Bob Petersen, Omicron '68

college, and they helped me learn the social skills—and the value of lifelong friendships—that would be instrumental in my career as an investment manager."

Bob enjoyed a modest upbringing in Wheaton, Ill., and after graduating from high school, he worked for a year before attending the University of Illinois. He decided to pledge Psi Upsilon and soon realized the benefits of joining one of the smaller fraternities on campus. "Psi U provides brothers the opportunity to actually run things, not just participate in social events or intramural sports. At the larger fraternities, most of their members are just "house bills." Taking on real responsibility early in life was a huge positive factor in my development; I believe it's the reason so many Omicron brothers are successful in their careers."

After graduating with a B.S. in engineering, Bob proceeded to get an MBA in finance at the U of I. In addition to the excellent education he received, the lessons he learned during his time at Psi Upsilon helped him build successful business relationships over time, as exemplified in The Petersen Report, a client newsletter he has written for more than 30 years. "The MBA gave me the financial tools to be a good advisor, and the 'B.S.' learned as an undergraduate at Psi U helped me become a good salesman."

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Prepare for Tax Law Changes in 2010

They May Affect How You Plan Your Estate

Are you and your heirs ready for the implications of the disappearing act coming in 2010?

Anyone who dies in the year 2009 can have an estate worth up to \$3.5 million before federal estate taxes are assessed by the IRS. In 2010, however, unless Congress intervenes soon, estate taxes will be repealed. The trouble is, the very next year they are back. Plus, the estate tax-free amounts and tax rates get worse: For anyone who dies in 2011, their estates will be subject to estate taxes if they're worth more than \$1 million, and the rate of tax could reach 55 percent.

The Generation-Skipping Transfer Tax

In 2009, gifts above \$3.5 million made to someone more than one generation below you (e.g., grandchildren) are subject to generation-skipping transfer taxes at a rate of 45 percent, and these taxes are in addition to estate taxes. But in 2010, this tax will also be repealed; however, it will reappear in 2011 at less favorable levels.

The elimination of estate taxes and generation-skipping taxes for one year may mean your heirs will receive more if they inherit in 2010. Another law change that will occur only for the year 2010, however, results in heirs facing a different tax on their inheritance—a capital gains tax.

The Taxes on Your Family's Inheritance

In 2009, for most assets inherited, the recipient's cost basis is generally equal to its value as of the deceased's date of death. For example, if you passed away and left your son a building that you purchased

for \$100,000 in 1965 that is now worth \$300,000, his cost basis would be \$300,000. This allows your son to sell it at the fair market value of \$300,000 (see chart, below) without having to pay any capital gains tax.

But in 2010, if you died and left the building to your son, his cost basis would be \$100,000. So if he sold it at its current value of \$300,000, he'd have \$200,000 of long-term capital gain taxed at a maximum rate of 15 percent. That adds up to \$30,000 in taxes. Plus, he would need evidence of your cost basis.

One bright spot is an exception in the law that allows your heirs to inherit assets at their current value in 2010 for up to \$1.3 million in assets, plus an additional \$3 million for assets passing to your surviving spouse.

Take Action Now

Revise your estate plan now so it meets your needs and reflects your circumstances and wishes. Your estate planning attorney may suggest options that allow you to diversify your assets, defer taxes and meet your charitable giving objectives. Contact us to learn more about tax-wise ways to provide support.

Don't Give Your Loved Ones the Gift of Taxes	
Cost basis of building in 1965	\$100,000
Fair market value of building at your death	\$300,000
Taxable amount if heir inherits and sells in 2009	\$0
Taxable amount if heir inherits and sells in 2010	\$200,000

Consider making a gift to a charitable organization in memory of your loved one. Call us to learn about the many ways to honor your loved one and support future Psi U members.

Getting Good Advice About Making a Charitable Gift

If you're thinking about making a charitable gift—whether it's a donation Psi Upsilon can use today or planning to include The Psi Upsilon Foundation in your will—where should you turn to get objective advice on how to do the most good for those in need and also realize your personal goals?

Where to Turn

You have many more resources at your fingertips than you might realize.

- **Our gift planning staff.** We welcome your questions and can provide a wealth of planning information.
- **Professional advisors.** Financial planners, accountants and investment advisors can help you choose the donation methods that make the most financial sense for you and your family.
- **Estate planning attorney.** An estate planning attorney can contribute important, expert advice if you want to remember us in your will or set up a charitable gift arrangement.

What to Expect

When meeting with charitable gift planners, you should expect that certain criteria be met. Following is a list of principles that are based partly on standards adopted by the Partnership for Philanthropic Planning and the American Council on Gift Annuities.

- **Explanation of tax implications.** You should receive a full and accurate explanation of the tax benefits of your charitable gift.
- **Full disclosure.** The role and relationships of all parties involved, including how and by whom each is compensated, should be fully disclosed to the donor.

>Your Rights as a Donor

Philanthropy is based on the voluntary action of you and others for the common good. To ensure that you have full confidence in any organization you support, you have the right to:

- Be informed of how your contribution will be used.
- Have access to the organization's financial statements.
- Receive appropriate recognition.
- Obtain truthful and forthright answers to your questions.

- **Compensation.** Payments of finders' fees, commissions or other fees by a charity to an independent planner are never appropriate.
- **Competence,** professionalism and public trust. Gift planners should act with fairness, honesty, integrity and openness, and advise you only in areas in which they are qualified; otherwise, they should recommend you to other professionals.
- **Consultation with independent advisors.** A gift planner representing a particular charitable organization should encourage you to discuss your proposed gift with independent, competent legal and tax advisors of your own choosing.
- **Consultation with charitable organizations.** An independent planner may properly counsel you about specific charitable gifts without the organization's knowledge. But to ensure that your proposed gift will fulfill your needs as well as the organization's, it's best to also consult with the charitable organization's staff. If anonymity is important, make your desire known as soon as possible.
- **Representation of gift.** The gift planner should make every effort to fully explain and document the consequences of your gift for the charitable organization, yourself and (if applicable) your family.

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Bob now serves as senior vice president of investments at Stifel, Nicolaus Associates in Chicago. He and his wife, Lee, reside in Wheaton, where he enjoys reminiscing about his Psi U days with longtime friends and is grateful he has the opportunity to share his success with the Omicron chapter and The Psi Upsilon Foundation. "Psi U has

been a large influence in my life, and it feels great to know that I, along with others like me, am able to help that tradition continue for a new generation."

Robert S. Petersen (left) and Robert E. McIntire, both Omicron '68 (Illinois), shared a laugh at the 162nd Psi Upsilon Convention.



A Gift in Your Will Could Be Right For You, Too

A gift in your will, called a bequest, is one of the easiest ways to show your long-term support for Psi Upsilon—and it makes a big difference to our small organization. Please contact us for more information and to learn the benefits you can receive from making a gift to the Foundation.

'Tis the Season to Act Generously

But the Clock Is Ticking...

As the end of the year approaches, it is a good time to reflect on how we can help meet the needs of others. Many people take this opportunity to make meaningful gifts to charitable organizations and are awarded tax benefits.



If you are interested in making a year-end gift and have any questions, simply give us a call.

Timing Is Everything

Accomplish the following by Dec. 31 to ensure that your gift is eligible for a 2009 charitable deduction:

- **Cash** Mail your check so it is postmarked by Dec. 31.
- **Stock** Complete the entire transfer of securities to us electronically.
- **Real estate** Deliver the executed deed.
- **Tangible personal property** Deliver the donated property.



For more information, call or write:
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