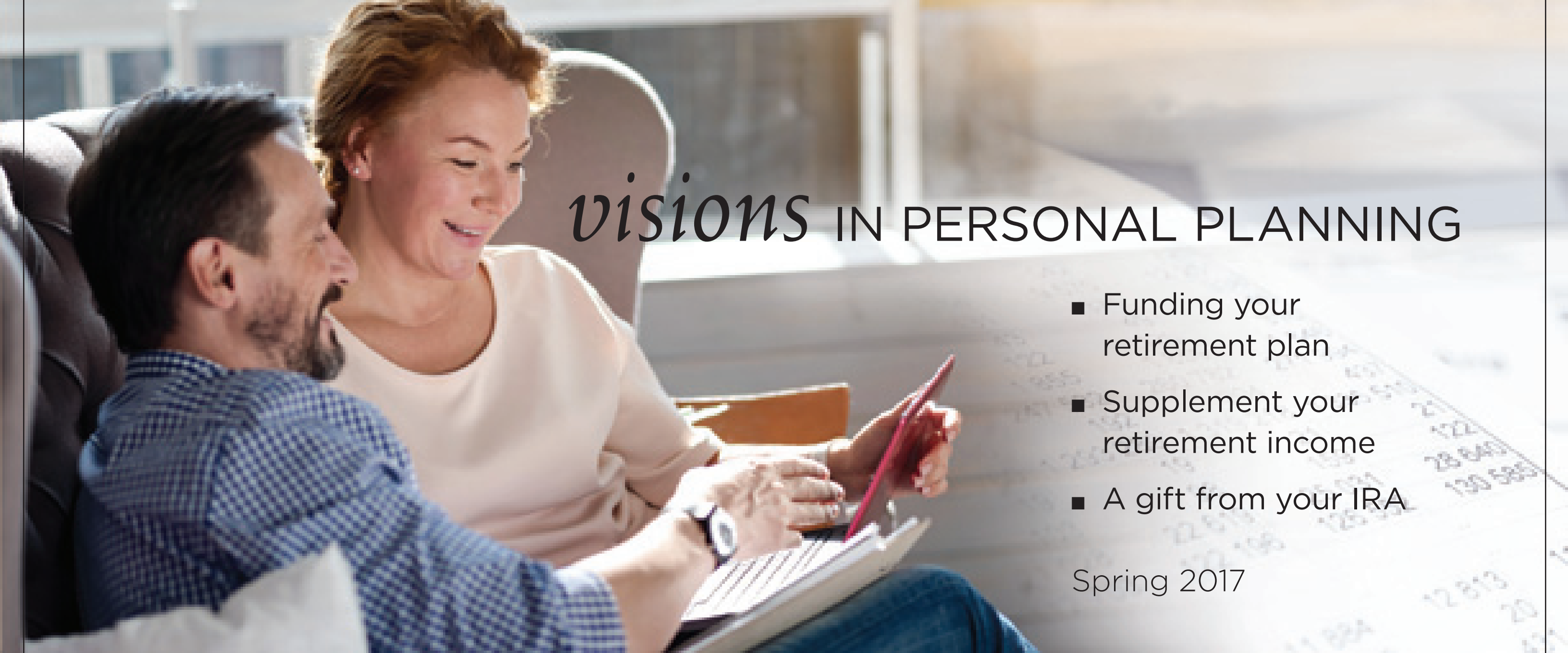


visions IN PERSONAL PLANNING

- Funding your retirement plan
- Supplement your retirement income
- A gift from your IRA

Spring 2017

Retirement Assets: Important Options to Consider

How much is enough? That is a question many people ask themselves as they plan for or enter retirement. Although there is no "one size fits all" answer, there are principles that apply in nearly all cases. If you are still looking ahead toward retirement, you can take steps to significantly increase the assets you accumulate. And if you have already retired, you can benefit from planning ideas that make the best use of retirement assets.

This issue of *Visions* explores simple ways that charitable giving can complement an overall retirement plan. We also look at required minimum distributions and examine some of the most economical ways to give. Three important questions are addressed:

Are you fully funded?
What if the choice is not yours?
Is there a best way to give?

If you would like to know more about these or other planning ideas, feel free to contact us by phone or email, or return the enclosed card. Be sure to ask for our free brochure, *Retirement Plan Assets—Leaving More to Your Family and Charity*. We and all those served by the Zeta Beta Tau Foundation are grateful for your generous support.

Cordially, Fraternally and Sincerely,
Faron A. Lewitt

City of Light Trust

The City of Light Trust recognizes and honors those who have made deferred gifts, whether revocable or irrevocable, to the Foundation, including, but not limited to, trusts, bequests, gifts of life insurance, and annuities. Membership is open to all ZBT alumni, parents, staff, and friends.

To inform us of your membership in the City of Light Trust, please contact the Zeta Beta Tau Foundation's Executive Director, Faron A. Lewitt at 317-506-7066 or at faron@zbtnational.org.

ZETA BETA TAU FOUNDATION

Are You Fully Funded?

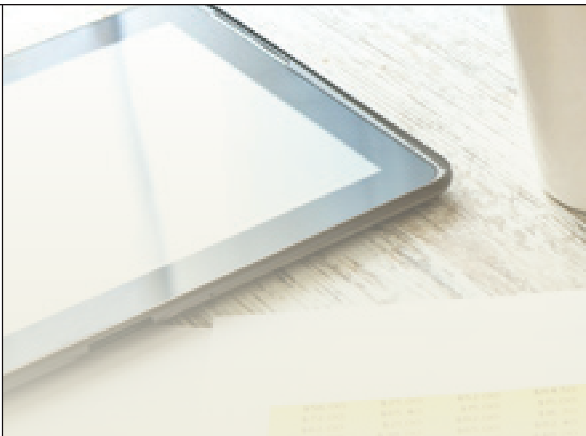
The most important retirement principle is also the simplest: Your income after retirement ultimately depends on what you set aside during your years of working and saving. If you are currently in the working and saving mode, "Retirement Planning 101" calls for fully funding your IRA and/or other employer-sponsored retirement plan by making the maximum allowable contributions.

Tax-favored contributions and tax-deferred earnings make retirement plans the logical first step in saving taxes and accumulating retirement assets. And if you are age 50 or over and have not contributed the maximum amount each year to your plan, you can also use the "catch-up provisions" to—as the name implies—catch up.

Retirement Plan	2017 Contribution Limit	Catch-up Contribution Limit*
401(k), 403(b), and most 457(b) plans	$18,000	$6,000
IRAs	$5,500	$1,000

*Allowed for age 50 and over

EXAMPLE: Alex, age 60, wants to maximize the amount of money he can set aside for retirement. His 401(k) plan allows him to make the maximum contribution plus the catch-up amount, so his total contribution is $24,000 this year. He plans to use this strategy for the next several years to significantly boost his retirement savings.



SUPPLEMENT RETIREMENT INCOME WITH A SMART PLANNING IDEA

In spite of the enormous value represented in qualified retirement plan assets, executives and other professionals can still struggle to accumulate resources significant enough to finance a 25 or 30-year retirement. Many people who have already maximized their qualified retirement plan contributions turn to charitable gift annuities to help fill this gap.

A charitable gift annuity is an agreement between you and us—in exchange for your gift of cash or other property, we agree to pay you a fixed annuity amount based on a payout rate identified when the gift annuity is put in place.

- Annuity payments are based on the age of the person (or persons—two maximum) who will receive the annuity, the amount of the gift, when payments will begin, and the rates in effect when the gift annuity is established.
- When payments begin, they continue for the lifetime of the beneficiary or beneficiaries.
- Older beneficiaries receive higher payment rates.
- A deferred gift annuity results in a higher payment rate than an annuity whose payments begin immediately.

- A gift annuity is part gift and part annuity, meaning you are eligible for an income tax deduction for the gift portion of contributed assets (usually cash or stock).
- Until the annuitant reaches life expectancy, part of each annuity payment is considered a return of principal, meaning tax is only due on a portion of the payment.

EXAMPLE: Joni, age 60, is a faithful supporter of our organization and a partner in a law firm. She wants to set aside more than she can contribute to her 401(k). Joni gives $50,000 to our organization to establish a deferred gift annuity that will supplement her retirement income. Payments will begin in 10 years. At that time, she will begin receiving annual payments of $3,350 (a payout rate of 6.7%). Furthermore, $1,193 of each yearly payment will be tax-free until Joni reaches her life expectancy (age 85). Her gift qualifies for a charitable deduction of $17,521.*

Please contact us if you have questions about how a charitable gift annuity can meet your philanthropic intentions while supplementing income from other retirement plans.

* Example for illustrative purposes, based on an AFR of 1.6%.

What If the Choice Is Not Yours?

When you are an IRA owner, something significant happens when you reach age 70½. This is the age you MUST begin taking an annual required minimum distribution (RMD) from your IRA in an amount based on your age and the total in your account. These distributions are subject to tax. But what if you don't want them or need them? At age 70½, you don't have a choice.

For philanthropically minded IRA owners, Congress has provided a unique opportunity to make a gift to us directly from your IRA. This qualified charitable distribution, or "IRA charitable rollover," was made permanent in 2015. There are three distinct benefits to these gifts:

- You *pay no income tax* on the distribution (subject to a $100,000 limit).
- You can count it toward your RMD. So, if your RMD is $25,000 and you make a qualified charitable distribution of $30,000 directly from your IRA to our organization, you have satisfied your RMD for 2017.
- You can make this gift year after year.

A gift from your IRA must be transferred directly from your IRA to our organization. Contact your account custodian to arrange your gift, and please notify us as well. We will verify that your gift is received and provide all of the appropriate documentation for your records.

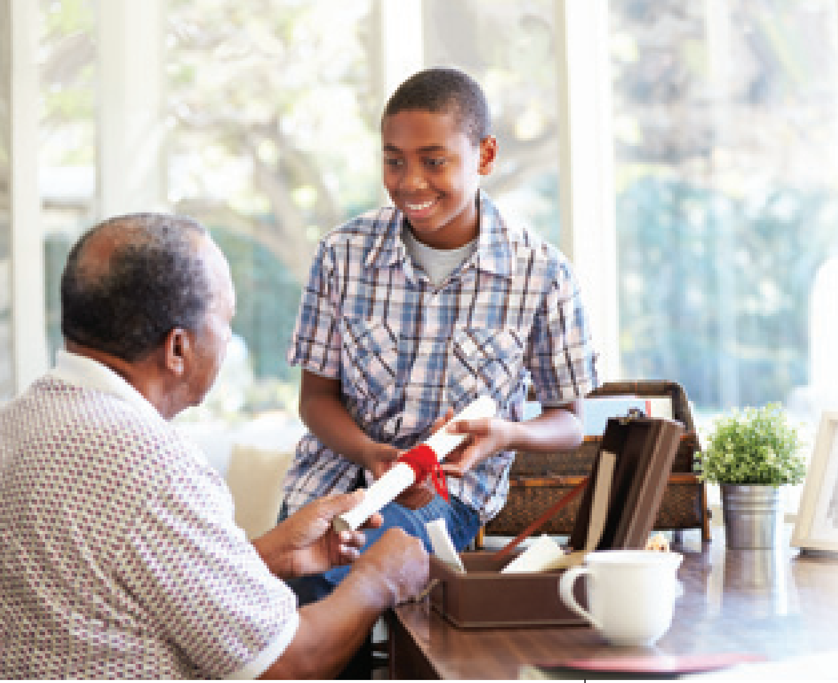
Note: *Defined contribution plans—401(k) plans, 403(b) plans, employee stock ownership plans and profit-sharing plans—are also subject to RMD requirements but are* **not** *eligible for the qualified charitable distribution option.*

Is There a Best Way to Give?

Although each retirement planner has unique needs and goals, knowledge of some basic principles can benefit nearly everyone. One of these principles has to do with income in respect of a decedent (IRD)—income a person earned but did not receive before death. In its simplest terms, the principle holds that because of the taxation on these assets, heirs benefit more from receiving non-IRD assets.

A distribution from a tax-deferred retirement account is subject to federal income tax during life and at death. These distributions are taxed when they are received (by you or your heirs) because untaxed earnings were deposited into the account and earnings were not taxed while they accumulated. The government recovers these tax advantages when funds leave the account.

When heirs receive a distribution from your tax-deferred retirement account, it is considered income in respect of a decedent and it is subject to income tax. Consequently, if you want to make a gift to us and provide for loved ones through your estate plan, it makes sense to leave retirement assets to us (since we don't pay tax on them) and designate other assets to heirs (assets that are subject to more favorable tax treatment, such as appreciated stock). Contact us for more details.



LIFE INSURANCE: ANOTHER GIFT OPTION

You may be surprised to learn that life insurance can offer creative ways to provide support for ZBT:

- Name us as the beneficiary of an existing policy. There's no out-of-pocket cost—just ask your insurance company for a change of beneficiary form.
- Make a gift of a paid-up life insurance policy that is no longer needed for its original purpose. This is a very attractive way to make a significant gift, and you may qualify for a tax deduction. Contact us to learn more.

BENEFIT FROM A RETIREMENT STRATEGY

Whether you are building a retirement nest egg or already enjoying retirement, you and your heirs can benefit from a sound strategy. Using retirement assets to meet charitable goals can be as simple as naming Zeta Beta Tau Foundation the full or partial beneficiary of your account, and you can do this at any age.

Simply contact the custodian or manager of your plan for information about making a beneficiary designation—it's easy to do. Remember, too, that you can always change the beneficiary designation to stay in line with your changing needs and goals.

The Next Step

No matter where you are in the retirement planning journey, taking a moment to review your goals and assess your progress is a good investment of your time. Simple steps taken today can make a substantial difference for you and others in the years ahead.

Please feel free to contact us for additional information about tax-wise gift planning and supplemental retirement income strategies. We will be happy to answer your questions and send you our free brochure, *Retirement Plan Assets—Leaving More to Your Family and Charity*. We welcome the opportunity to help you realize your long-term planning and philanthropic goals.

ZETA BETA TAU
FOUNDATION

Zeta Beta Tau Foundation, Inc.
3905 Vincennes Road, Suite 100
Indianapolis, Indiana 46268

Contact: Faron A. Lewitt, Executive Director
Phone: 317-506-7066
Fax: 317-334-1899
E-mail: faron@zbtnational.org
Website: www.zbt.org/plannedgiving