

ISSUE V • SPRING 2013

ENDOW

THE QUARTERLY NEWSLETTER OF THE *Covenant College Foundation*

en•dow *verb 1. to provide with a permanent fund or source of income.*

This is one of my favorite pictures. It was taken out in front of the chapel right before the inauguration of our new president. For me it's one of those pictures that you put up in your office to show other folks that you once met and stood next to a celebrity. Look a little closer and you'll see that I'm standing next to a rock star.

Collyn Schmidt was a part of that early generation at Covenant that the campus of today is built upon. She came to Covenant in 1959 and has remained faithful to the mission of the College.

Thankfully, she is representative of Covenant's "other" endowment, a faithful fraternity of folks that God has chosen to use in the life of the College.

When I read Will Barker's book on the history of Covenant College I was stuck by the over-arching theme of sacrifice based on belief in the mission.



Much was risked, little was promised and some went without pay for lengthy periods of time. I found myself wishing that many of those folks—the McCain sisters, Rayburn, Barnes, Sanderson and Hugh Smith—could see the campus today. I wonder how it would compare with their dreams—the dreams on which they based their sacrifice.

Please take a minute to listen to the podcast that Mrs. Schmidt recently did for us that is referenced in this issue of ENDOW.

I hope that it will give you a glimpse into all that was running through my mind when I saw her out in front of the chapel last October.

Marc Erickson '92
Executive Director
Covenant College Foundation

COVENANT COLLEGE FACTS

- › Total Undergraduate Students: 1,065
- › Percentage of students who receive some form of financial aid: 99%
- › Percentage of faculty with doctoral or terminal degree: 92%
- › Top six majors: English, history, education, sociology, biology, business

When Do I Need a Will?

by Timothy A. Rowe, Esq.

ONE QUESTION THAT I AM FREQUENTLY ASKED IS, “WHEN SHOULD I GET A WILL?” The answer is rather easy; you should get a will as soon as you own property or have a child, whichever happens first.

Everything you have is a gift from God, and you are called upon to be godly and wise in your stewardship of it. This includes being thoughtful and meaningful in how and to whom you pass your property at your death, which you can do in a will. Without a will the laws of your state will determine who gets your property and when. The state’s default laws may produce a bad result.

If you are married and do not have a will, your spouse may not receive all of your probate property. In Tennessee, for example, a spouse and children (of any age) split probate property. The least amount the spouse can receive is 1/3. Is 1/3 sufficient to provide for your spouse until his or her death?

Wise stewardship means saving probate expenses when it is prudent to do so. Many states allow you to waive certain steps and requirements of probating your estate, but they can only be waived in your will. Waiving those items can greatly reduce the costs of administering your estate.

Having minor children compounds the issues. In most states your will is the only place that you can name a guardian for your minor children. If you do not name someone then the court will name someone according to a list of priorities. The person in the highest priority may or may not be the person you want raising your children.

Also, minor children cannot legally own property. If you do not plan appropriately then the court will choose a manager for the child’s property until the child turns age 18. At 18 the child gets the property whether he or she is ready or not. Most parents are afraid that their child’s development will be negatively affected by receiving an inheritance at the age of 18, free from all strings and oversight.

So I say again, get a will as soon as you own property or have a child.



Tim Rowe graduated from Covenant College in 2002. He is an attorney with The Kendall Law Firm, PLC, in Chattanooga, Tennessee, and practices in the area of trust and estate law.

Nothing in this article shall be construed as legal advice or create an attorney/client relationship between you and the author.

DO YOU HAVE A PLAN?

“I know my plans should be reviewed, but I don’t know where to start.”

Whether you rely entirely upon a will to distribute your estate, or whether it is part of a more complex estate plan, a periodic review is necessary.

Family changes, inflation, changes in tax and probate laws, as well as changes in your desires, all require periodic review of your estate plan.

Our *Guide to Planning Your Estate* will be a valuable source of information as you begin this review.

If you have never completed your estate plan, it will help you take the first step in this important act of stewardship.

Please call the Covenant College Foundation at 706.419.1601 or email linda.moore@covenant.edu for your free copy today.

Meet Heritage Society member

Collyn Schmidt

For generations of Covenant students, Rudy and Collyn Schmidt are iconic figures of the College. Sacrificially serving the Lord at Covenant has always been as natural to them as breathing. Rudy was the College registrar from the beginning and Collyn held many titles over the years including dean of women, college nurse, and head of housekeeping. A multitude of Covenant students have been cared for by the Schmidts, and some are students whose parents were first at Covenant during the '60s, '70s and '80s. Rudy went home to the Lord in 2005, and Collyn continues to give of herself and her resources. To hear a ScotsCast of Collyn talking about the early days at Covenant and why she still continues to give, visit covenant.edu/Collyn.



Giving the Maximum While Meeting the Minimum

by Beth Anderson Nedelisky

WITH THE PASSAGE OF THE AMERICAN TAXPAYER RELIEF ACT OF 2012 (ATRA), CONGRESS REINSTATED A PROVISION ALLOWING SENIORS TO DONATE UP TO \$100,000 TO CHARITY FROM AN IRA THIS YEAR. Known as a “Qualified Charitable Distribution,” seniors can fulfill their Required Minimum Distribution (RMD) by giving to their favorite charity.

Distributions from IRAs are usually taxable, but when sent directly to charity, no tax is owed by the donor (or by the charity). Recent changes to the tax law make charitable gifts from IRAs a valuable tax-savings tool. Here’s how...

A charitable gift from an IRA is unique because the donation bypasses the donor’s tax return altogether. Although donors cannot take a deduction for the gift, they avoid having to report the IRA distribution as income in the first place. Specifically, an IRA gift allows the donor to reduce his or her adjusted gross income (AGI). The net effect is seniors can potentially reduce or avoid a string of additional taxes which are calculated based on AGI.

For example, a lower adjusted gross income may help to eliminate or reduce taxes on Social Security benefits. Lowering AGI can also make it easier to deduct medical expenses in a given year or to lower Medicare Part B premiums in the future. For others, a lower reported AGI may help to avoid the additional 3.8% tax on investment income or the new phase-outs on itemized deductions and personal exemptions.

Gifts to charity from an IRA are ideal for those who cannot itemize deductions or for those who wish to give in excess of the deductible gift limit.

To make a “Qualified Charitable Distribution” from an IRA, donors must be at least 70½ years old. And, the gift must be transferred directly from the IRA to charity by the IRA custodian. In other words, the IRA distribution cannot first be deposited into a personal checking account and then re-directed to the charity. Additionally, Qualified Charitable Distributions cannot be made from 401k-type accounts or from SEP or SIMPLE IRAs which are still receiving contributions.

This year, consider giving away your RMD (or more!) to charity. To make a donation to charity from your IRA, contact your IRA custodian or broker for more information.



Beth Anderson Nedelisky, CFP®, graduated from Covenant College in 2003 and is a wealth manager at Marotta Wealth Management, Inc. in Charlottesville, Virginia. Prior to joining the firm in 2005, Beth served as interim director of admissions for Covenant College. She has co-authored more than 30 articles on various financial planning topics, including estate planning and real estate.