ISSUE XIX • WINTER 2017

ENDOW

THE QUARTERLY NEWSLETTER OF THE *Covenant College Foundation*

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

Her home in the slums of New Delhi could not have been larger than 7x10—smaller than any of the three bathrooms in my house—and I could easily touch the ceiling hanging low above my head. It was mostly filled with plastic jugs storing water and the one bed for her and her two children who appeared to be about nine and sixteen. The walls were made of salvaged brick; there were no windows and only a small hole on the back wall for ventilation. There was no door to close, much less lock, for this family without a father. The entry was only protected by a curtain.

I was embarrassed to be there and wondered if she was embarrassed too. What was I doing there and who did I think I was to enter her home like I was doing an inspection? I felt very large and white and American. My pride and selfishness felt completely exposed and a question from my work popped into my head. Though from my work, it was also personal. “Marc, do you have more than enough, based on the standard of living you believe God has called you to?”

That question had never seemed more real than it did standing there on the dirt floor of her home. Thinking about it since, I’ve realized that I ask the question often of others but that I haven’t put enough time into answering it for myself. It’s far too easy and forgiving to confuse Christian stewardship with prudent, Western money management. I’m not talking about guilt as much as the strategic response of the faithful steward of God’s resources. I know the answer can be complex and personal. But I also know that being faithful requires that I continue to wrestle with this question far more often than I do.

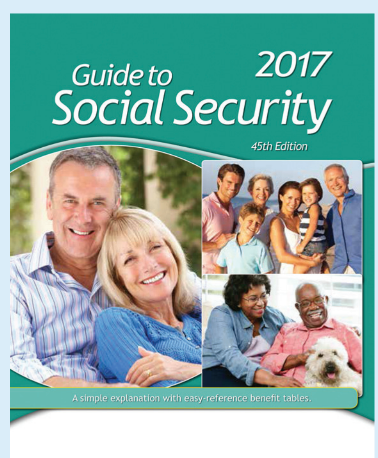
Marc M. Erickson, CFP®, CLU, REBC
Executive Director
Covenant College Foundation

GUIDE TO SOCIAL SECURITY 2017

Order for free while supplies last

The easy-to-understand 2017 Guide to Social Security helps individuals learn more about Social Security retirement benefits and plan for a secure, enjoyable retirement. Social Security is only about 50% of an average retiree’s income and should be supplemented with employer-sponsored retirement programs, personal investments, and savings.

Please let us know if you would like a free copy. Call the Covenant College Foundation office at 706.419.1601 or email jennifer.ross@covenent.edu to have a copy sent to your home.



Tax Effective Ways to Increase Your Giving

by Beth Anderson Nedelisky, CFA, CFP®

THERE ARE MANY WAYS YOU CAN INVEST in a charitable organization. Volunteering your time or writing a check are perhaps the most common ways. You can also give away stock, insurance policies and real estate—just to name a few more. Charitable giving also comes with a range of tax-related savings opportunities. With a little effort, you can increase your giving by reducing the amount of tax you would otherwise pay.

When you give to charity this year, there are two tax-savvy ways to give which you may want to consider. The first is by making a gift directly from your IRA to charity and the second is by giving away appreciated investments such as stock or mutual funds.

If you are over 70 ½ and taking required minimum distributions (RMDs) from your traditional IRA, the IRS allows you to give away up to $100,000 from your IRA directly to charity, known as a qualified charitable distribution. A gift from your IRA can also satisfy your annual RMD requirement. To qualify, your gift must be paid directly from your IRA to charity and cannot first be paid to you.

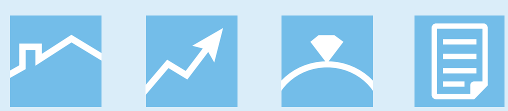
A second tax-saving technique which can increase your giving this year is to transfer appreciated investments, such as stock, to charity. When you transfer stock to charity, you can also transfer all the gains associated with the stock and avoid paying capital gains taxes on the sale of the asset. The charity can sell the stock without paying capital gains taxes on the sale. Donating appreciated investments such as stocks or mutual funds can also be an excellent way to rebalance your investment portfolio without triggering a taxable event.

Like giving cash, a donation of stock held for more than one year is eligible for a charitable deduction based on the total value of the asset at the time of the gift. That is, if you bought a stock for $5 many years ago and it is now worth $50 per share, you can deduct $50 per share on your return. No tax is paid on the gain. This is better than liquidating the stock, paying the capital gains tax, and then giving what's left to charity.

Deciding whether a qualified charitable distribution or a gift of appreciated stock might provide the most savings will depend heavily on your specific circumstances. Ask your tax professional which technique may offer you the greatest savings and therefore the best way to increase your giving plans for the year.

Beth Anderson Nedelisky, CFA, 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.

There are many ways that you can give and benefit from a gift of your assets. Noncash assets may include CDs, stock, real estate, life insurance, retirement accounts, art and other collectables.



HOME STOCKS JEWELRY IRA

Here are some benefits of making a gift of your assets:

- If you give appreciated assets, you can avoid paying capital gains tax
- You will receive a charitable deduction for your gift which can lower your tax bill
- You can make a gift today while preserving your cash for immediate or future needs
- You and your family can receive benefits such as lifetime income

For more information on how to give and get the most from your assets, please contact us. marc.erickson@covenant.edu · 706-419-1645

Endowment Makes a Covenant Education Accessible

by Frank Brock

IN 1994, DOTTIE AND I SET UP A CHARITABLE TRUST with assets that would go to the Covenant College Foundation when we die. More than twenty years later, we want to share why we recently increased the proportion of those assets that will go to Covenant.

Since we live in Chattanooga, we regularly see and hear of the impact that Covenant graduates are making in this community as entrepreneurs, doctors, attorneys, educators, neighborhood transformers, civic and church leaders. Covenant graduates are contributing so much to a city that is widely viewed as one where people thrive, and that is happening around the world.

Covenant students' influence can be attributed to Covenant's motto, "In all things Christ preeminent." Covenant attracts committed, intentional students. Covenant's excellent faculty helps each student recognize the imperative of the Lord's prayer, "your kingdom come, your will be done, on earth as it is in heaven." Covenant's purpose statement sets out three goals: identity in Christ, a biblical world-view, and a servant's heart, all delivered in the context of a rigorous academic and student life curriculum.

Our world is led almost exclusively by college graduates whose main goal for going to college was to earn more money. The developed world's materialism and hedonism is undermining our most basic institutions: the family, the rule of law, productivity, justice, and mercy. Covenant students learn that we are not to be conformed to the world but to transform the world. It is important for a college graduate to know that "it's not all about me!" A degree is not an entitlement but an obligation to give to others what has been given to you.

"We know that nothing is more expensive than a poorly parented and educated child; there is no better investment than a well parented and educated child."

Endowment makes a quality education accessible. It is the gift that keeps on giving. Only the income from endowment is used—the principal continues to grow. Even the income from endowment is actually an investment, not a financial one, but an investment in a human being on the threshold of a productive and purposeful life.

We know that nothing is more expensive than a poorly parented and educated child; there is no better investment than a well parented and educated child. We hope you will also make Covenant a priority in your own plan. Marc Erickson would be happy to help you learn how.

Frank Brock is the former president of Covenant College (1986-2002) and former president of the Covenant College Foundation (2002-2010). He currently serves on the Covenant College Foundation board of trustees.