



HERITAGE

A FINANCIAL & CHARITABLE PLANNING GUIDE

LINKING THE PAST WITH THE FUTURE OF ARKANSAS TECH



Suzanne and Maj. Gen. Bill Harmon

THE CO-CHAIRS OF THE CENTENNIAL COMMITTEE ARE RETIRED MAJ. GEN. BILL ('60) AND SUZANNE ('62) HARMON. THEY HAVE BEEN EXTREMELY SUPPORTIVE OF PRESIDENT BROWN'S EFFORTS IN CREATING A NEW ERA AT ARKANSAS TECH WHILE BEING RESPECTFUL AND GRATEFUL FOR ITS PAST.

Tech's reputation and the excellent ROTC program brought Bill to Russellville. The friendly environment and Suzanne kept him at Tech until graduation, when he was commissioned as a second lieutenant in infantry.

After Bill retired from the Army, he and Suzanne were both glad to be back home in Russellville when an unsolicited opportunity to be the CIO/CTO of Perot Systems in Dallas took them to Texas for five years. In 1998, however, they welcomed

the opportunity to return home and help with the opening of the Pendergraft Library and Technology Center. In 2000, Bill became the first chaired professor at Tech—the William M. Lemley Chair in the School of Business.

It is important for everyone to be aware of the past traditions and successes of Arkansas Tech. This knowledge will enable others to understand and be supportive of the initiatives, which will continue the University's tradition of excellence into the next century. The Harmons were fortunate to be students when so many of the people who were among the standard bearers for Tech were still here. Today, many of the campus buildings honor their contributions: Tucker, Corley, Crabaugh, Young and Hull. The strength of Tech has always been the dedicated staff and faculty who focus on academic excellence within the student body, with its strong work ethic nurtured by families who understand the value of a superb education. This combination enables a bright future for both the students and the University.

The Harmons look forward to the Centennial Celebration and encourage all students, alumni and friends of Arkansas Tech to become a part of this once-in-a-lifetime celebration. ■

ON YOUR OWN: PLANNING YOUR *OWN* ESTATE



ONCE YOU'VE LOST YOUR SPOUSE, YOU MAY REALIZE THE IMPORTANCE OF A SOUND ESTATE PLAN.

NOW THAT YOU'RE ALONE, IT'S TIME AGAIN TO REVIEW YOUR OPTIONS AND PLAN FOR THE FUTURE OF YOUR LOVED ONES.

Certainly you want your loved ones to benefit from your careful and thoughtful planning. While a married couple's main concern is for the survivor, as a single person, you have more choices. Perhaps you have children and grandchildren, and you must decide how much you want to leave to each of them. The needs of some beneficiaries may be greater than those of others. In addition, you may want to consider ways to remember your favorite charitable organizations.

First, don't overlook your own financial security. When you were married, you may have counted on your partner to step in and manage the family finances if you were ill or incapacitated. Now you may need to rely on someone else.

Planning Tips

Here are some time-tested strategies to ensure your own lifetime security and also plan for your eventual beneficiaries:

Power of attorney. Ask your lawyer to prepare a document by which you authorize a trusted individual, perhaps a son or daughter, to sign checks, legal papers, tax returns, etc. on your behalf.



Planning ahead is the first essential element in protecting your family, your finances and your intentions.

Similarly, execute a legally recognized form that lets you delegate the authority to make health care decisions if you are unable to make them yourself.

New will. While your old will probably named contingent beneficiaries, it was likely intended to mainly benefit your spouse. Your beneficiaries and their circumstances may have changed—and you may want to add individuals and charitable organizations. Discuss your wishes with your attorney. Ask about ways to minimize estate taxes, too.

Living trust. You can create a trust for your own benefit, reserving the right to amend or revoke it. A key purpose of a living trust is to designate a professional trustee to manage your investments. If you are alone, you may find this reassuring. After your lifetime, the trust remainder will avoid probate and pass directly to your chosen beneficiaries.

Life income plan. We offer many attractive deferred-giving options designed to help you achieve your lifetime financial

needs and ultimately fulfill your philanthropic goals for us. For example, a charitable remainder annuity trust will pay you a dependable fixed income for life. It can be established with cash, appreciated securities or other marketable assets.

We can explain this and other opportunities as well as their tax-saving benefits. Contact us for a no-obligation consultation. ■

What will you choose?

None of us knows the road our lives will take.

We base our choices for the future on the knowledge we have today and our wishes for tomorrow. Learn more about how to weave valuable planning techniques into your future plans with our FREE guide, *How to Design a Trust for Yourself*.

Know the Difference

Durable Power of Attorney

This legal document gives someone else the legal authority to act on your behalf for financial purposes. The document can give this person broad or limited powers—depending on how the powers are defined. It is in effect from the time it is created and stays in effect even if you should become incapacitated.

Springing Power of Attorney

A springing power of attorney, on the other hand, comes into effect only when you become incapacitated.

Durable Health Care Power of Attorney

This is a separate legal document that allows another person to make health care decisions on your behalf. It has no bearing on financial issues and is often created at the same time as a will and durable power of attorney.

ADD A CHARITABLE REMAINDER TRUST TO YOUR INVESTMENT PORTFOLIO

For Pre-Retirement or Post-Retirement Planning

RETIREMENT PLANNING OFTEN STARTS WITH SETTING GOALS. YOU WANT TO INCREASE YOUR INVESTMENT INCOME; YOU WANT TO LESSEN THE FINANCIAL RISK CREATED BY CONCENTRATING YOUR WEALTH IN A SINGLE ASSET; YOU ALSO WANT, SOMEDAY, TO MAKE A MAJOR GIFT TO ONE OR MORE FAVORITE CHARITABLE ORGANIZATIONS, LIKE ARKANSAS TECH UNIVERSITY FOUNDATION.

This is the perfect time for you to consider adding a charitable remainder unitrust or charitable remainder annuity trust to your investment portfolio.

You won't have to worry about the investment of your trust. It becomes the responsibility of your trustee. The trustee will sell the assets you have donated to the trust and replace them with diversified assets uniquely suited to your goals.

Because a charitable remainder trust incurs no capital gains tax, the trustee will be able to reinvest assets with the goal of increasing disposable income with no loss of trust principal.

You decide, before you sign and fund the trust, the income you will receive. With a charitable remainder annuity trust, you select a fixed dollar amount. It will never vary. With a charitable remainder unitrust, you select a fixed percentage of the fair

market value of the trust's assets revalued annually (thus, your income varies with the growth or decline of trust principal). With either trust, the percentage must be at least 5 percent of the initial trust principal.

Your income will be taxed according to a four-tier system: ordinary income, long-term capital gain, tax-exempt income and return of principal. You will also receive charitable deductions from income, gift and estate taxation.

Then, after your life, or the life of the final income beneficiary of the trust, its assets will be distributed to a charitable organization (the remainderman), like Arkansas Tech University Foundation.

If you are interested or want more information about this flexible plan, call Dana Moseley at (479) 964-0532. ■

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Individual state taxes and/or state law may impact your results.



REALISTIC USES OF A LIVING TRUST

MOST PEOPLE FAMILIAR WITH LIVING TRUSTS KNOW THAT HAVING ONE LETS THEM AVOID PROBATE—THE LEGAL PROCESS OF VALIDATING THEIR WILL. BUT MANY PEOPLE MAY NOT BE AWARE OF OTHER POTENTIAL ADVANTAGES OF LIVING TRUSTS, WHICH INCLUDE HELPING THEM MANAGE THEIR ASSETS WHILE THEY'RE ALIVE AND ENSURING THAT THEIR ESTATE ISN'T UNWISELY LIQUIDATED UPON THEIR DEATH.

Simplified, a living trust is a legal document that can own and control assets. Property placed in a trust is no longer owned by the person who created the trust; rather, it's owned by the trust itself. That property is then managed by a trustee—who can be anyone age 18 or older, including the person establishing the trust.

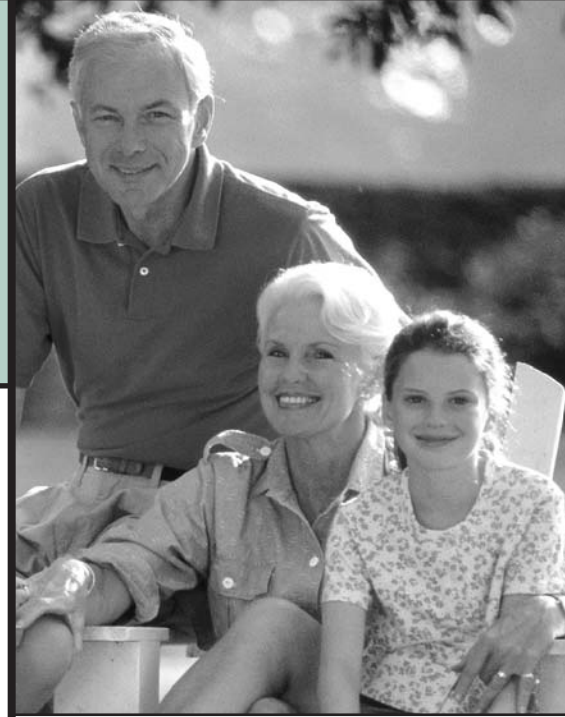
How a Trust May Be Used

A primary advantage of a living trust is that it can prevent the courts from taking control of your assets should you become mentally or physically disabled. This feature can guarantee that your affairs will be managed by the person you choose, not someone appointed by the courts.

In addition, while your income status will not change, a living trust may, in some cases, minimize estate taxes.

Then, if you're concerned that family members may not handle their inheritances prudently, a living trust can remove this worry. The economic benefits of the trust are available to your family, but the trust can also put the brakes on ill-advised liquidation of assets.

In this regard, a living trust is ideal for keeping intact a family holding, such as a business interest or rental properties. In addition, you can arrange that this trust ensure a later gift for a charitable organization like Arkansas Tech University Foundation.



The living trust allows you, as trustee, unlimited access and full control of assets placed in the trust.

Should You Establish a Trust?

Living trusts may not be for everyone. Before you make a decision, contact a financial advisor for more information on how living trusts may affect your situation. ■

The Heritage Society was established to recognize our alumni and friends who have invested in the future of Arkansas Tech University through their wills, trusts or estate plans.



(Tax ID #71-0561120)

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