Many people are surprised to learn that Jim came to Tech not from Texas, but from London, England. After graduating from high school in Victoria, Texas, Jim served in the Air Force in England for 3 years and one year in the States. Part of his assignment there included playing on the Air Force football team, which won the UK championship three years in a row.

It was his Air Force coach who advised him to talk to coach Don Dempsey. That connection resulted in Jim becoming a member of the Wonder Boys team in 1967.

He earned a full scholarship while playing offensive guard at Tech. During that time, Jim’s team won the AIC Championship twice, and his parents, Johnnie and George, made the 12½ hour drive from Texas to watch every home game.

After graduating with his bachelor’s degree in economics in 1971, Jim worked as an auditor for the IRS. But in 1972, he was recruited by C.R. Turner to begin what has become a very successful career in the insurance business. “A combination of hard work, fortunate timing and people helping me has blessed my career.”

Jim Murphy credits his mother, Johnnie, with his habit of having and cultivating a positive outlook, his desire to make it a point to share what he has, and his ability to care for those around him.

“What I have become is because of my home, my family, the military, business mentors/partners, and the coaches and faculty at Tech,” Jim says. He is appreciative of all those who believed in him and wanted him to become the best person possible.

This spring, Jim established the James Chester Murphy Revocable Trust. Through this trust, a portion of his estate will be used for scholarships for future Arkansas Tech students. “Setting up a trust is an easy way to care and share in perpetuity.”
A life income gift is one in which you first donate assets to a charitable organization, such as Arkansas Tech University Foundation, or a charitable trust. In exchange, you receive payments for the rest of your life or, in some situations, a term of years. At your death, or the end of the gift term, the balance of the assets pass to the charitable organization.

Typically, donors establish life income gifts to supplement their own incomes or those of immediate family. But payments also can be directed to other people for the rest of their lives or, depending on the gift, for a term of years.

Life income gifts are a powerful way to honor individuals and causes you care about. As the donor, you also receive a valuable tax deduction, regardless of whether you keep the income.

You can choose from three types of life income gifts: a charitable remainder unitrust, a charitable remainder annuity trust or a gift annuity. The arrangements are particularly effective if funded with assets you no longer rely on that have appreciated significantly and produce a low yield.

**A Typical Scenario**

A daughter who is 50 years old establishes a charitable remainder unitrust for $100,000 with a 5 percent payout to benefit her parents, who are now 77 and 74. The parents receive $5,000 the first year, then 5 percent of the trust value each year for life. When one of them dies, the other will receive the payments for the remainder of his or her life. The trust generates an income tax deduction of $50,204* for the daughter, based on the ages of the parents. (Note: Had the daughter kept the income for herself, the deduction would have been lower, based on her longer life expectancy.) This deduction is equal to the present value of the amount that the charity should ultimately receive. The parents’ quarterly payments will be taxed, in part, based on the investment results of the trust under a special structure for charitable trusts.

**Gift Tax Consequences**

Based on the size of the trust and the ages of the parents, a child may be making a taxable gift to his or her parents. In this case, the value estimated as income to the parents, or the taxable gift, is $49,796 (the amount used to fund the trust minus the charitable deduction). Because the value of the income is a gift to the parents, it is subject to federal gift tax. The gift, however, should be eligible for the $13,000 annual exclusion. If the daughter is married, the exclusion can be $26,000 if she chooses the gift-splitting option with her husband. (Donors should check with their tax advisors, but the exclusion is generally available because the income payments to the parents begin immediately.) Assuming the daughter has made no prior taxable gifts, the remaining amount can be applied to the $1 million lifetime gift tax exclusion.

Although some specifics of the gift arrangement differ depending on the gift vehicle used, the central idea stays the same: You are able to help the charitable organization(s) you care about and your parents for the rest of their lives.

Call Arkansas Tech University Foundation, to learn how this beneficial way to give could work for you.

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**How Will You Be Remembered?**

Discover how to craft a legacy that will carry on your values and provide peace of mind for your loved ones in our FREE guide, *Estate Planning: Provide for Others and Avoid Taxes*. Simply fill out and return the enclosed reply card.
HOW A LIVING TRUST CAN BENEFIT YOU

A trust is an arrangement in which you transfer assets to a trustee to hold and manage for one or more beneficiaries. By placing property in a living trust, you and other beneficiaries, if you choose, can receive a stream of income during your lifetimes. When you die, your chosen beneficiaries, such as family members or charitable organizations like Arkansas Tech University Foundation, receive the trust’s assets.

Living trusts have definite advantages.

Revocable. The charitable organizations you prefer to support may change over time, as may the circumstances and needs of your family members. With a living trust, you can typically modify the trust provisions or change the designated beneficiaries.

Private. Because a living trust does not go through probate, your beneficiaries and the specific amounts or percentages they receive remain confidential.

Continuous. Assets in a living trust stay under the control of the trustee until you choose differently. When the trust is established, you can name a co-trustee or successor trustee who can step in to carry on financial responsibilities in the event of the trustee’s incapacity or death.

Flexible. Many funding options are available for living trusts. Assets may be added to the trust during your life or upon your incapacitation or death. The living trust can be especially useful if you own real estate in another state where that real estate would be subject to the other state’s probate laws.

Professionally managed. Though not exclusive to living trusts, bank trust departments and trust companies are generally well-prepared to act as trustee if you don’t want to act as your own. Through prudent investing, they can help make the most of your trust’s assets and ultimately deliver more money to your beneficiaries.

The true value of a living trust lies in its flexibility. You transfer ownership of assets to the trust and name yourself, if you choose, as trustee. As trustee, you can manage, sell, mortgage or give away your assets as you please.

Receive income for the rest of your life and support a cause you care about with a life income gift. Call Arkansas Tech University Foundation to learn more.
DO YOU KNOW YOUR NET WORTH?

Most people, if asked, can probably tell you within a few dollars how much is in their checking account. They can also likely say where that money should go if they were to suddenly die.

If you ask people about their net worth, however, many will respond with a puzzled look. They simply don’t know. Yet, in order to prepare your financial affairs and create a solid estate plan that works—which means taking care of loved ones to the best of your ability and remembering your favorite charitable organizations—it’s wise to begin with an understanding of your net worth.

It’s not hard to determine.

1. **Add up your assets**, which include the money in your checking account, your house, your car, life insurance policies and your retirement plan.

2. **Tally your liabilities**. This is what you owe, including the mortgage on your home and the balance on your credit cards.

3. **Subtract liabilities from assets** to get your net worth.

Once your net worth is determined, you can use this information to decide what portion of your estate will go to loved ones and how much you would like to use to support the nonprofit organizations like Arkansas Tech University Foundation that reflect your values.

How Your Heirs Benefit From a Well-Planned Estate

- Additional savings and security
- A sense of tradition, loyalty and family harmony
- The ability to serve others or impact the future

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.

Visit Our Gift and Estate Planning Web Site!

- **ACCESS** a complete source of ideas and information on estate planning and charitable giving.
- **DISCOVER** how charitable donations can provide payments for yourself and your loved ones.
- **CALCULATE** your benefits with our online gift calculator.

HTTP://GIVETOTECH.ATU.EDU

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