

ISSUE XVI • SPRING 2016

# ENDOW

THE QUARTERLY NEWSLETTER OF THE *Covenant College Foundation*

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

I recently had the opportunity to speak to the seniors at Covenant College about personal financial planning. As you can imagine, they are at a critical time when it comes to their finances, and a lot is about to change for them. Like a good Presbyterian, I had three points: remember that you are a steward and not an owner, create margin in your budget, and deal with financial challenges head-on.



of ownership is not letting go of the stuff, but in owning our belief in the existence of God.

You see, stewardship doesn't really matter if there isn't a God who owns it all. If there is no God, we are truly on our own. This belief, or lack of belief, will impact every financial decision we make.

As always, it comes down to what and in whom we believe. Belief in God's existence, sovereignty, and goodness precedes stewardship. I pray that your

The one I struggle with the most, and the one that I think a lot of us struggle with, is the idea that we are stewards of someone else's stuff and not owners. As I've said before, we like to think of ourselves as owners and the world, along with our own hearts, is all too willing to "amen" our thoughts. I've realized that the difficult part about giving up our idea

beliefs will lead to your stewardship and that this will give you a clear understanding of God's purposes for His resources that He has entrusted to you.

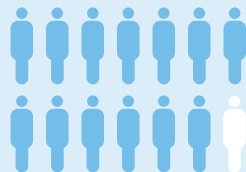
Marc Erickson, CFP®  
Executive Director  
Covenant College Foundation

## ON CAMPUS AT COVENANT



**91%**

The percentage of full-time faculty who hold terminal degrees



**13:1**

The ratio of professors to students



**13 Years**

The average length of service among current Covenant professors



**33 years**

The number of teaching years of our longest-serving active professors—Prof. Brian Crossman and Dr. Steve Kaufmann

# Remember to Keep Your Beneficiary Designations Current

by Steven Wykoff '99

FOR MANY OF US, thinking about our beneficiary designations is like contemplating which hymns we would like to have sung at our funeral—both are choices that won't directly affect us in our lifetime so we often put them off for another day. But unlike funeral hymn selections, the beneficiary choices we make in our lifetime have legal and financial ramifications that often can't be undone.

Beneficiary designations are most commonly associated with life insurance policies, pensions, annuities, and retirement plans such as 401(k) and IRA plans. There are many other types of accounts that can have beneficiary designations including bank accounts, CDs, and investment accounts with a transfer-on-death (TOD) or payable-on-death (POD) registration added.

One of the advantages of having an asset with a beneficiary designation is that the transfer of the asset can occur outside of the probate process. Reducing the amount of assets that are subject to probate can help simplify the estate settlement process. Further, having up-to-date beneficiary designations provides clear and unquestionable directions for the transfer of the asset.

Many people have important documents like their will reviewed and updated regularly but they may not think about their beneficiary designations. Some may think that as long as their will has been updated, all of their accounts and policies are covered. However, a will generally does not supersede a beneficiary designation. There are many cases where a decedent failed to update their beneficiary designations and upon their death the proceeds of the account were given to an estranged beneficiary rather than the decedent's surviving loved ones. It is also common for an account owner to include a firstborn child as a beneficiary but then fail to remember to include subsequent children born into the family. Using beneficiary designations to accomplish

part of your estate plan is a simple and effective way to transfer many types of assets. But the beneficiary designations are only as good as the last update. It is essential that they are reviewed and updated regularly to reflect the account owner's current wishes.

At your death, not all beneficiaries are taxed equally. The tax implications of being a beneficiary vary greatly depending on the type of account or death benefit that has been inherited. For example, a death benefit from life insurance is normally not taxable to the beneficiary. But proceeds from an IRA or 401(k) are taxable to the beneficiary when eventually distributed as cash. In light of these differences it may make sense to be strategic in designating beneficiaries. For beneficiaries that are sensitive to taxes it may be prudent to assign insurance policies and/or accounts with a minimal expected tax liability. Conversely, for accounts with potentially greater tax consequences—such as IRAs or 401(k)s—it may be prudent to consider naming a charity as beneficiary because the charity would incur no tax liability on the gift.

Beneficiary designations have many advantages and can be a useful tool in the estate planning process, but don't forget to review and update them as needed. It can be helpful to review your estate plan in consultation with a financial planner or estate planning attorney to ensure that all elements of the plan are working together to accomplish the intended goals.



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## *Donor Impact:* David & Linda Lucas

COVENANT COLLEGE'S NEW VISUAL ART FACILITY was officially named and dedicated at a ceremony on the evening of March 17, 2016. The Lucas Art Workshop is named in honor of David and Linda Lucas, whose leadership and generosity provided a place where artists may work, imagine, and enjoy the beauty of God's creation.

David serves Covenant as a member of the College's board of trustees, as a board member for the Covenant College Foundation, and as a member of the joint investment committee for the endowment. He brings years of wisdom and experience in business to those roles.

"The fine arts are critical components of a rich education in the liberal arts and sciences," says President

Derek Halvorson '93. "We are thankful for the gracious generosity of David and Linda Lucas, which has provided a place where young men and women can grow in their understanding of God's creation and His calling on their lives, while honing their skills in the visual arts. We are thrilled with the new Lucas Art Workshop, and are grateful for the Lucases' faithful partnership and abundant generosity."

The Lucas Art Workshop provides the square footage necessary to accommodate more student studio space as well as offices and studio space for art faculty. The building features improved natural lighting, ventilation in studios, designated work space for senior art students, major studio spaces for 2D and 3D art, and a commons.