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## UMHEF Conducts Unusual Annual Meeting

The United Methodist Higher Education Foundation's annual board meeting took a different form this year for the first time in its 36 year history. Due to the tragic events of September 11th, the Foundation decided to forego its annual meeting to be held in Williamsburg, Virginia, in favor of conducting board business via telephone conference call.

Funds that would have been used to pay for the meeting-related expenses have instead been placed into a scholarship fund for dependants of the victims of the terrorist attacks.

"The **September 11th Memorial Scholarship Fund** is a positive way for us to show our support and to help those who have been directly affected by these devastating events," said George M. Miller, UMHEF president/CEO.

Business items approved by the board via telephone included **960 scholarships** for the 2001-2002 academic year. This number includes 350 scholarships for the successful "**Double Your Dollars for Scholars**" program. **An application for this program may be found inside this newsletter**, and is also available online at [www.umhef.org](http://www.umhef.org). They will be accepted no earlier than February 1, 2002.

Retiring board member **Janet Stephenson** (Ames, Iowa), also board chair, was recognized for her insightful, untiring service to the Foundation.

"Janet has provided nine years of exemplary leadership capped by the last two years as our Board Chair," said Miller. "Her comprehension of the total church environment and rare sensitivity to our mission was a great motivational factor for staff and the board. Her leadership will be missed."

**Henry Gilchrist** of Dallas, Texas, was named **Trustee of the Year** for his generous support and inspiring leadership.

In other business, the board **elected the following officers:**

Steve Harbison, Los Angeles, CA, Chair  
Arden Melick, Manhattan, NY, V. Chair  
Eugene Decker, Houston, TX, Secretary  
Mark Nerio, San Antonio, TX, Treasurer  
Mr. Harbison, an attorney, is a member of the First UMC of Santa Monica (CA). This is his second time to serve on the UMHEF board, having served previously from 1980 to 1997. He was re-elected in 1998.



## Alumni Council



We are excited to unveil our new **Alumni Council**. This giving club is reserved exclusively for students who have benefited from UMHEF scholarship support in the past. By joining now, you

have the unique opportunity to become a **Charter Member**. Any amount qualifies for membership, and gifts may be directed to a specific fund or simply designated as unrestricted.

Fill out the attached tear-off card and return it **today**. Or donate through our Web site at [www.umhef.org](http://www.umhef.org). Either way, joining your support with those of fellow recipients will help to ensure future scholarships for students.

## From the Inside

Paul Edwards

Duke University, The Divinity School

Greetings in the name of our Lord and Savior Jesus Christ! It is my delight to write to you this brief description of what is going on in my life. It was an honor for me to serve as the first Alumni Council Chair. If the scholarships you received meant as much as they did to me, you would feel the same desire as I do to give back to the Foundation. When we do so, others that are going through school can get some much needed assistance while getting further education.

I am a fourth year student at Duke Divinity School where I am pursuing my Masters of Divinity degree. I will graduate in May 2002. While at Duke, I have served as a student pastor for the Silk Hope Charge for two United Methodist churches. Each year I have been in seminary, I have received the Double Your Dollars for Scholars scholarship. This program allows my home church, Forest Street UMC in Clarksville, TN, to send \$1,000 to the Foundation, which they then matched, and sent the resulting \$2,000 to Duke. The scholarship has meant a great deal to me in the past three years. This year in particular it made a huge difference because of the extenuating circumstances my family was facing. We just had a baby! His name is Joshua Paul, and he was



born on September 18. He and his mom, Stephanie, are doing well.

As I get closer to ending an important chapter in my life, I am reflecting on how seminary experience has helped me. Duke was challenging, don't get me wrong, but it was fulfilling. The churches I served have made it more bearable. When I got bogged down, there was always someone to brighten my day. But most of all, God saw me through this time and blessed me with willing people who helped me make it through the financial hurdles I faced while attending Duke. The Foundation was one of those willing groups of people who saw me through. I will be forever grateful to all who have helped me. I especially want to say thank you to the Foundation for helping me and the thousands of others who have been helped in their dream of making higher education possible.

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## In Memory

Bishop Ernest A. Fitzgerald

1925-2001

Bishop Ernest A. Fitzgerald was an inspirational leader in the United Methodist Church for five decades. In addition to being the well-known author of 10 books, Dr. Fitzgerald for many years wrote a column of inspirational essays in *Pace Magazine*, the in-flight publication of Piedmont Airlines. He served as a minister in many churches across North Carolina, and was elected to the Episcopacy in 1984 and was named Resident Bishop of the North Georgia Conference of the UMC.

Closer to home for the Foundation, he served on its board of trustees for 19 years, from 1978 to 1997. He volunteered to research and write the Foundation's history. His diligent research confirmed the Foundation's origin as the culmination of a vision fostered by Chancellor William A. Tolley of Syracuse



University.

In 1998, he allowed the Foundation to honor him with a scholarship endowment dinner at Greensboro College (SC). The evening was a tremendous success, raising almost \$150,000 — the most ever raised by one of our special events.

"The legacy he left the Foundation went far beyond years of service" according to George M. Miller, UMHEF president/CEO. "He will be missed."

Memorials may be sent to the Foundation for the Bishop Ernest Fitzgerald Endowed Scholarship benefiting students attending Greensboro College in Greensboro, North Carolina.

## Letter from the President

The past few months have been busy indeed for the United Methodist Higher Education Foundation.

Although difficult, we made the decision to cancel our annual board meeting in Williamsburg, Virginia, due to the tragic events of September 11th. It placed UMHEF in a unique position, having never before canceled a board meeting in its 36 year history. Board members generally felt that it would be in the best interest of everyone involved if the meeting was not held. Instead, pressing board business was conducted via conference call on September 21.

Funds that would have been used to pay for the meeting-related expenses have been placed into a scholarship fund for dependents of the victims of the terrorist attacks. The September 11th Memorial Scholarship Fund is open for contributions and is restricted to United Methodist students attending one of the 124 United Methodist-related institutions in the United States. Scholarships will be available beginning in the Fall of 2002. Special thanks to board member Lou Kerr for having the initial idea for the memorial. Also, thanks to the ladies of the OCU Society for donating the funds from their style show, which was likewise canceled in the aftermath of the terrorist attacks. I

encourage you to remember this fund when making your end of the year donations.

Other decisions made by the board include approval of 960 scholarships to be awarded for the 2001-2002 academic year. This number includes 350 scholarships for the ever popular "Double Your Dollars for Scholars" program. Please see the flyer included in this newsletter for additional information regarding this local church-matching scholarship program. It is with no small amount of pride that I report to you that despite the depressed market and decreased foundation assets, our strong budgetary discipline will allow program funding to remain constant for the upcoming year.

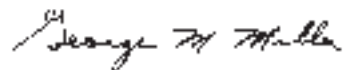
On a much sadder note, the Foundation has lost two stalwart supporters in recent months. Bishop Ernest A. Fitzgerald served for 19 years on the board of trustees and recently compiled a detailed history of the Foundation. He died on September 27, 2001, in North Carolina. Jack Cato, along with his wife Marguerite, had been supporting the Foundation and making a difference in the lives of students for many years. He died on October 13, 2001, in Austell, Georgia. Please see the memorials in this newsletter regarding these two great United Methodist Leaders.

UMHEF recently sponsored a

charitable tax planning seminar for financial professionals in Louisville, Kentucky. Over 30 professionals were in attendance and received CEU credit for the seminar, which was presented by Charles Schultz. We are pleased with the success of this initial event, and are currently looking at sites for future presentations. If you are interested in either helping to present or attend just such an event, please contact me.

Looking back at the events of 2001 gives cause for both celebration and sadness: celebration of the students whose lives are changed by educational doors being opened to them through the support of the Foundation, sadness at the tremendous upheaval and violence visited upon our nation in September. Despite the uncertainty of the times, we will continue to look for ways to make a positive impact on the lives of United Methodist students and their families in this great nation.

God Bless,



George M. Miller  
President/CEO



## In Memory

Jack M. Cato  
1920-2001



Jack Cato was a man who enjoyed helping others. Through advanced planning, he and his wife, Marguerite, established three separate funds through the Foundation to assist others.

"Jack Cato has been a friend and loyal supporter of UMHEF for eighteen years. He was an outstanding business executive, loyal United Methodist church leader, dedicated father and husband, and a visionary in the field of philanthropy and strategic planned giving," said George M. Miller, UMHEF president/CEO. "We will sorely miss his leadership, compassion, and generosity."

Our prayers are with Jack's wife, Marguerite, and their family during this difficult time.

# Living and Dying Under Tax Reform 2001

by Richard D. Bailey, Regional Gift Planner

The **Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA)**, enacted in June makes many promises, then takes them back at midnight December 31, 2010. Congress may make some (or all) changes permanent, freeze them at a certain point in time, accelerate the repeal, or allow them to sunset on January 1, 2011. Even now, Congress is considering an economic stimulus package that would make further tax changes. Because of the temporary nature of EGTRRA changes, taxpayers should proceed very carefully before making major changes in their financial and estate plans. Here is a summary of changes:

**Reduction in Individual Income Tax Rates.** A new 10% bracket for a portion of income that is currently taxed at 15%. The 15% rate remains. Over time, the 28% rate reduces to 25%; 31% rate to 28%; 36% rate to 33%; and the 39.6% rate to 35%.

**IRA and 401(k) Contributions Limits Expanded.** Gradually expanded contribution limits for traditional and Roth IRAs to \$5,000 in 2008, with adjustments to inflation thereafter. Contributions to 401(k) plans will rise from \$10,500 to

\$15,000 by 2006. A "Roth 401(k)" provision will enable employers to provide benefits similar to a Roth IRA for their employees.

**Education IRA.** In 2002 the maximum annual contribution to an Education IRA increases from \$500 to \$2,000. It may now be used for elementary, secondary, and qualified high school expenses.

**Estate and Gift Tax, Generation Skipping Transfer Tax Changes (GSTT).** The tax rates are lowered (50% in 2002 to 45% in 2009) and *applicable federal exemption* increases over time to \$3.5 million in 2009. The estate and GSTT is repealed in 2010 and the gift tax remains at a 35% rate. In 2011 the Estate, Gift, and GSTT are reinstated with rates existing before EGTRRA, unless Congress makes the changes permanent. In 2010, inherited property beyond certain amounts is subject to capital gains tax when sold.

**Charitable Deduction Unchanged.** Tax incentives for making charitable contributions during life or on death are mostly unchanged, except in 2010 when the estate tax is repealed.

**Charitable Planning.** Many

persons make lifetime and estate

gifts to charity regardless of tax benefits. While only taxpayers who itemize deductions may deduct charitable contributions, taxpayers who do not itemize still make substantial gifts to charity. The estate tax remains except for 2010, and the estate tax contribution deduction is important in lowering or zeroing this tax. Using charitable plans to zero or reduce federal estate tax and the gifting of remaining IRA assets to charity remain powerful estate planning options. Your support of scholarships through UMHEF benefits deserving students, and the tax advantages remain a welcome addition. For the free booklet *Charitable Giving After the 2001 Tax Act*, complete and return the attached form.

**This is educational information and not intended to be tax advice. Always consult a qualified advisor when tax planning.**



The Foundation is self-supporting. It receives no funds through the apportionment process of The United Methodist Church. Its annual operating and administrative expenses are funded from income from its endowment fund and in-kind support from the Division of Higher Education of the General Board of Higher Education and Ministry.

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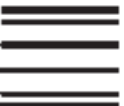
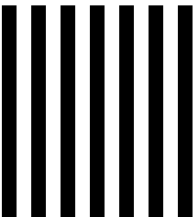
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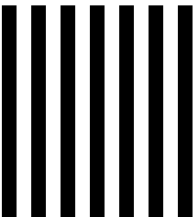
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YES! I want to make a difference in the lives of students across the country. Sign me up for the Foundation's **President's Council** today!  
Please contact me for payment of my gift of \$1,000 or more.

YES! I want to join other scholarship alumni in giving back. Sign me up for the Foundation's **Alumni Council**. Please contact me for a gift.

Name (Mr. Mrs. Ms.) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone (     ) \_\_\_\_\_ E-mail \_\_\_\_\_

I want to receive the latest Foundation news via e-mail. Sign me up!  
My e-mail address is \_\_\_\_\_.

My address has changed. Please update it with the information below.

Please tell me how to include UMHEF in my **estate plans**.

Please send me the booklet **Charitable Giving After the 2001 Tax Act**.

Name (Mr. Mrs. Ms.) \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_