

A man wearing a brown cap, glasses, a brown jacket, and dark pants is sitting on the deck of a sailboat. He is holding a rope in his right hand and looking upwards. The background shows the ocean and a sunset sky with warm orange and yellow tones. The sailboat's rigging and ropes are visible in the foreground.

*Ready for Life*

# ETERNAL IMPACT

INVESTING IN PHI PSI UTILIZING YOUR  
INSURABILITY AND THE PKP MCMAHAN  
FINANCE ENGINE

PHI KAPPA PSI FOUNDATION

# A Powerful and Unique Philanthropic Tool

In 2004, Brother and then, Trustee Bruce McMahan *Southern Cal '57* gifted \$3.5M to the Foundation to expressly establish the **PKP McMahan Finance Engine** (the "Finance Engine"). The Finance Engine is a Foundation owned LLC that exists to finance and own gifts of life insurance designated to benefit the brotherhood. The Finance Engine owns and manages a portfolio of life insurance policies as well as a portfolio of invested assets. The annual earnings from these invested assets, along with tax-deductible gifts made by donors, underwrite the annual premiums on life insurance policies.

The Finance Engine was created to harness the power of our individual members, specifically the insurability of alumni who have an affinity, connection, and commitment to supporting the Foundation.



**PKP MCMAHAN**  
FINANCE ENGINE



# EXPAND

## YOUR CHARITABLE REACH

Life insurance is important. Perhaps when your children were young, you purchased policies to provide them with financial protection. Later in life, you looked at life insurance as an income replacement tool in case something were to happen to you or your spouse. But if your situation has changed, you might be interested in one of the more satisfying uses for life insurance you no longer need or for your extra insurability — donating it to the Phi Kappa Psi Foundation.

*There are a few easy ways to make a gift to the Foundation through life insurance.*

### **1. Existing Policy**

You may gift an existing policy that has finished serving its original purpose and simply have the owner and beneficiary designation transferred to Phi Psi. When you name the organization as the owner and beneficiary, you qualify for a federal income tax charitable deduction for the lower of the policy's fair market value or your cost basis. For those policies that are paid-up, the fair market value is the cost of replacing the coverage at the same face amount but issued today, based on the current age of the insured. Any continued premium payments may be paid by the Finance Engine or if you opt to make annual cash gifts to the Foundation, which the Foundation will use to pay the premiums, those gifts too are deductible.

### **2. New Policy**

A new life insurance policy naming the organization the owner and beneficiary can be established. Working with the Foundation team and insurance experts, we can ensure the policy and your charitable arrangements have maximum impact on the brotherhood.

## **IMPORTANT CONSIDERATIONS**

Like most gifts of insurance, there are important factors to consider including the age and health of the insured, net worth of the individual as well as current level of insurance coverage and the brother's and/or spouse's existing relationship with the Foundation. Whether gifting an existing life insurance policy or one's insurability, the life insurance policies are owned and the benefits paid to the Finance Engine. No benefits are realized by a non-affiliated, non-charitable entity.

When considering your charitable arrangements, it is important to plan with a highly qualified financial planner and life insurance expert. When you name the Phi Kappa Psi Foundation in your estate plans, through gifts like life insurance, you are recognized as a member of the Summerfield Society. By stepping into that society you are joining other courageous, passionate brothers and friends, who are committed to developing young men. Specific figures and provided examples are based off of various assumptions, are to be illustrative in nature, and may be different at the time of a gift. Tax information provided herein is not intended as tax or legal advice and cannot be relied on to avoid statutory penalties. Always check with your tax and financial advisors before implementing any gift.

## BENEFITS TO YOU

### Simple and Convenient

The process is easy. If you don't have a policy in place, a life insurance specialist will custom design a policy that would be most appropriate.

### Save Taxes Today

With some arrangements, you can receive a charitable tax deduction related to the premium payments or the cash value, if gifting an existing policy.

### Inexpensive

Life insurance allows you to make a more significant gift than you might otherwise be able to, without depleting your current assets now or your estate later. Small premium payments, a portion or all of which may be paid by the Foundation, can lead to a very sizeable and meaningful gift to the brotherhood.

### Eliminates Probate, Legal and Executor Fees

The full value of your gift impacts the brotherhood. Life insurance is not subject to probate costs or delays in settlement.

### Drive Philanthropic Priorities

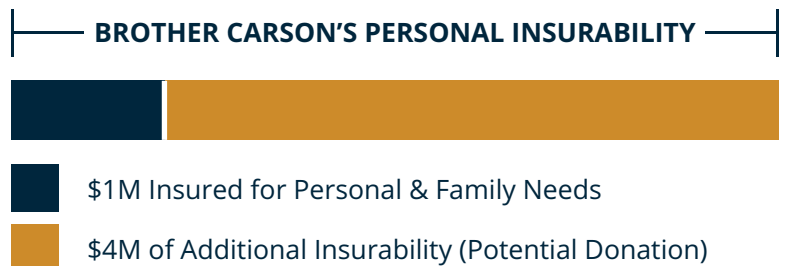
Life insurance provides you a low-cost or no-cost option, helping you make a bigger impact on our mission of *developing men of character by providing them with the proper environment and tools to pursue productive, honorable, and purposeful lives.*

# The Impact

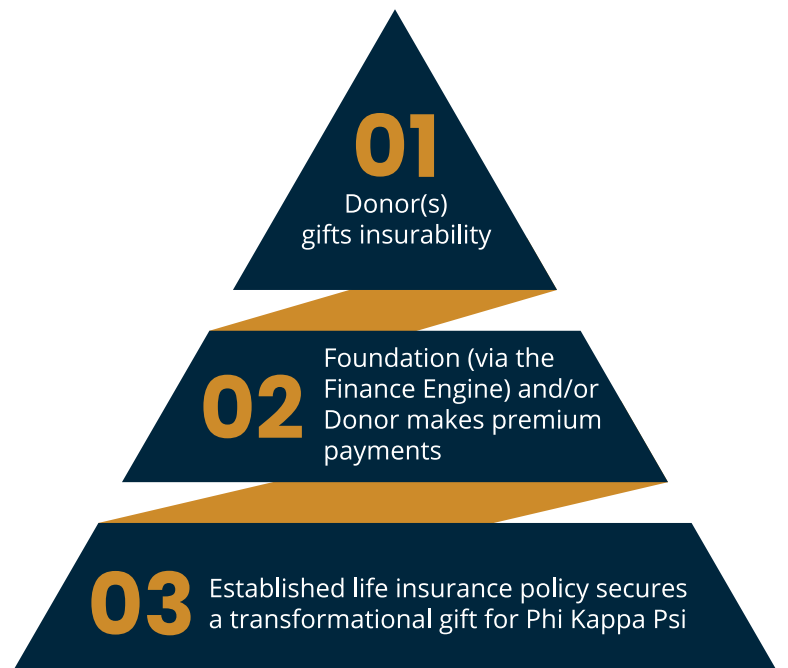
## OF YOUR ADDITIONAL INSURABILITY

Many alumni have life insurance policies in place. Often, the total of these policies is much less than the individual's total maximum insurability. Gifting your excess or additional insurability can allow you to make a sizeable gift to the Foundation at little to no cost to you as the donor.

*For example, if Brother Carson has a total insurability of \$5M but is insured for only \$1M, there remains additional insurability of up to \$4M. The Foundation can work with Brother Carson to arrange a policy of up to \$4M, providing an incredible benefit to Phi Kappa Psi.*

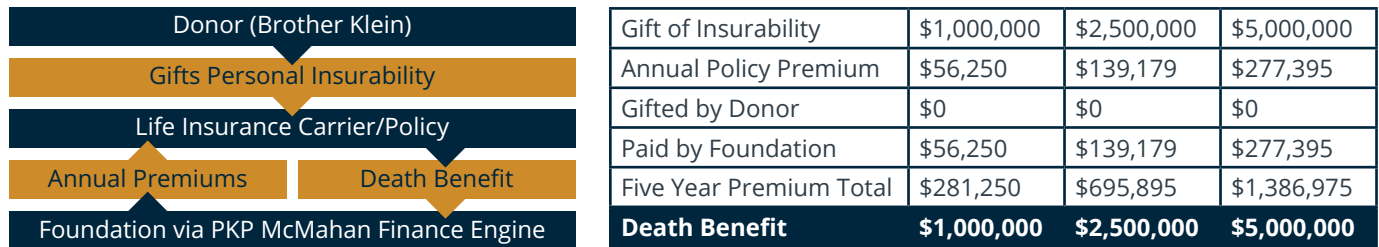


Donating insurability is not a new concept, but over the years has become more common in the philanthropic space.



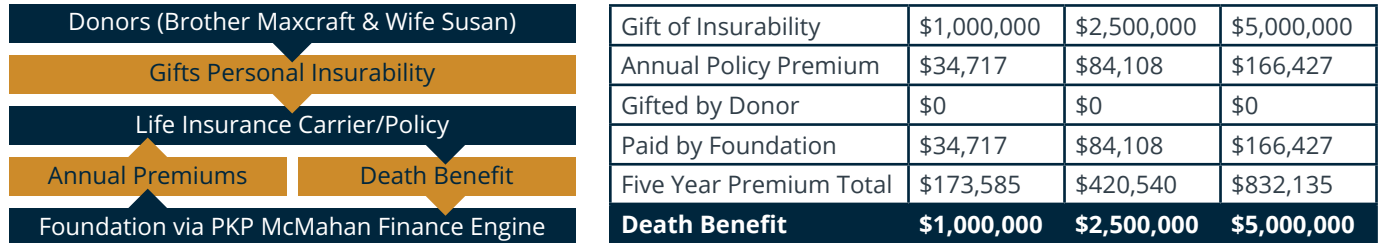
# PUTTING IT INTO PRACTICE

Brother Klein initiated into the Alaska Alpha Chapter. He has witnessed in his own life the positive impact of his fraternal affiliation. At age 61 he recognizes that his estate plans, as they are documented, provide a secure future for his children and grandchildren. He is comfortable that his wealth will extend for multiple generations and is focused on having an impact on the organizations and groups that are meaningful to him, one of which is Phi Kappa Psi. Brother Klein has a few paid up life insurance policies in place but is aware that he has additional insurability. He concludes he will gift his excess insurability to the brotherhood.



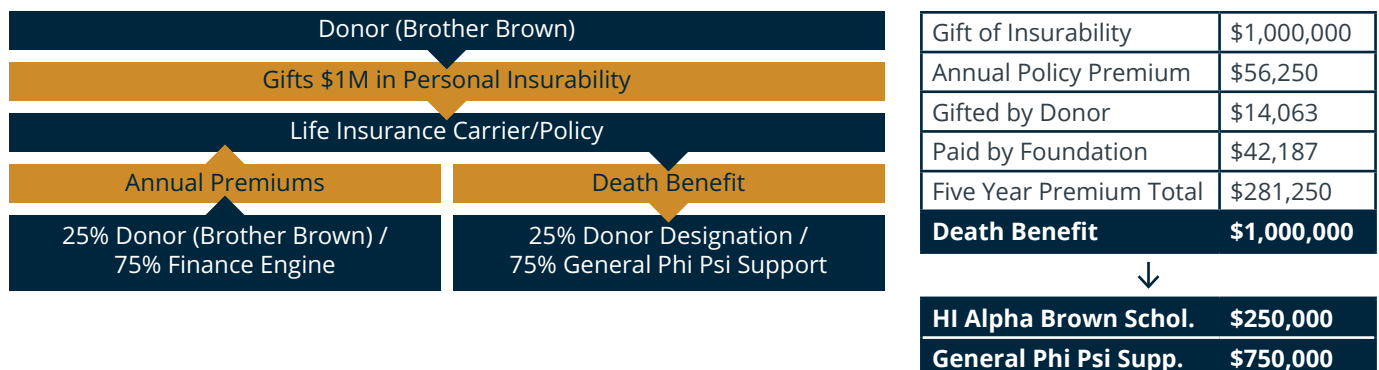
**Policies may also be written on two individuals such as a brother and his spouse or two fellow chapter/pledge brothers.**

*For example, Brother Michael Maxcraft and his wife, Susan, have been longtime supporters of Phi Psi. Michael and Susan met in college. Now, both age 61, they want to make a transformational impact on Phi Psi through their estate. Together the couple has insurability available and opt to gift it to Phi Kappa Psi.*



**Donors may designate a portion of their gift of insurability, within the Foundation, based upon the percentage of the annual premium covered by their annual giving up to 50% of the death benefit.**

*For example, Brother Brown annually gifts 25% of the annual premium for five years for a policy with a \$1M death benefit. The result is the establishment of the Hawaii Alpha Brown Undergraduate Scholarship endowment in the amount of \$250,000 along with an undesignated gift of \$750,000 to support Phi Psi.*





# PHI KAPPA PSI FOUNDATION

Early members of Phi Kappa Psi had a vision for a fund to assist college students with tuition. In 1886, after much debate and a request to drop the matter of the establishment of this fund at a Grand Arch Council, one individual arose and rallied all those in attendance and within minutes raised \$7,450. While the official creation of the Phi Psi Foundation would come in 1914, it is the members of Phi Kappa Psi who requested such a fund and now, more than ever, this fund remains relevant and necessary.

Today, amidst all the uncertainty and change in the world, the Phi Kappa Psi Foundation remains committed to serving as Phi Psi's community foundation. With the mission to provide the proper environment and resources for young men so they may pursue productive, honorable, and purposeful lives, the Foundation's efforts are focused on developing our members'

## **MIND. HEART. SOUL.**

College is the start of it all, but the bonds of brotherhood and Phi Psi experience come to life when a man leads with purpose making a positive and lasting difference within his family, professional life, and community. Along with you, we are working to create a brighter future for our undergraduate men and providing them the opportunities to lead healthy and active lives based upon Phi Psi's Nine Fundamentals.

Their tomorrow, in fact our shared future as Phi Psis – is in your hands.

**Together, let's ensure the next generation is**

*Ready for Life*

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