

Smart Estate Planning

Smart estate planning results in the best possible management of your assets for your loved ones.

Your Legacy

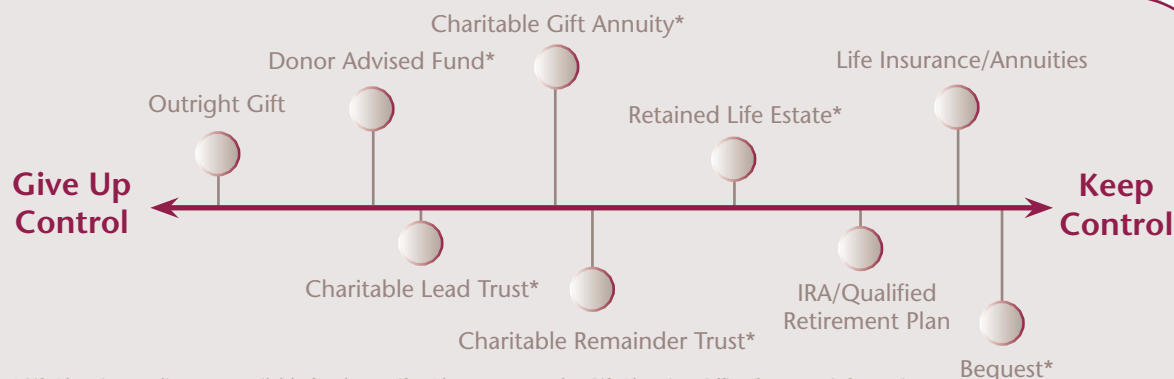
Many WSU alumni and friends consider including the University in their estate plan so they can continue their annual gift in perpetuity or to make a special gift not possible during their lifetime. This can be accomplished through a bequest in your Will or Living Trust or as a beneficiary designation on your life insurance or qualified retirement plan.

Many people are surprised to learn that through smart estate planning it can be possible to take advantage of gift planning strategies that feature many attractive benefits, such as increased income, reduced taxes, and an opportunity to see their gift at work.

One of the first steps in beginning an estate plan is to think through your values and to write your values into a plan. Things to consider when doing this are:

- What are the values or principles that have guided how you have lived your life, raised your children, and/or run your business?
- What charitable organizations have you helped as an outgrowth of your values?
- What has been the most satisfying charitable gift you have made?
- What role has philanthropy/volunteerism played in your family and what value would it bring to your children or grandchildren?
- What would you like to accomplish through your philanthropy?

The illustration below outlines possible gift planning strategies to include in planning your estate. It displays the gift types according to the level of control retained by the donor over the gifted asset. Typically, the less control retained by the donor, the greater amount of tax benefits they receive. The Gift Planning team at the WSU Foundation will be happy to meet with you to discuss how these strategies can benefit you, your loved ones, and WSU.



*Gift Planning outlines are available for these gifts. Please contact the Gift Planning Office for more information.

How Does Your Plan Measure Up?

1. Do you have a Will or Revocable Living Trust that is less than three years old? If you have a Revocable Living Trust, you may still need a Will (to dispose of assets not placed in trust and to name executors and/or guardians).
2. Do you review your Will or Revocable Living Trust every year to ensure it remains up-to-date?
3. Do you have arrangements for making health care decisions if you are incapacitated?
4. Do you have a Revocable Living Trust or durable power of attorney that allows others to make financial decisions for you if you become incapacitated?
5. Have you arranged for an orderly transfer of your business interests at death?
6. Do you know if your estate is taxable at the federal and/or state level? Recent changes in state and federal laws may affect your plan.
7. Did you know that some assets are twice-taxed? IRD assets (Income in Respect of Decedent) are considered tax-burdened assets. It may be more tax-efficient to leave these assets to charity.
8. Have you arranged through your Will, Revocable Living Trust, or qualified retirement plan to continue your support for your favorite charities after death?
9. Do you know how the legislation passed by Congress in 2001 affects your plan? (See back page.)

Makes a Difference



Basic Estate Plan Documents

Smart estate plans include many of these documents

Testamentary Documents

- Community Property Agreement
- Will
- Revocable Living Trust

Disability Documents

- Durable Power of Attorney
- Medical Power of Attorney
- Health Care Directive

Miscellaneous Documents

- Organ Donation Card
- Burial Instructions
- List of Gifts of Tangible Personal Property (if authorized in Will)

A Smart Estate Plan Should...

1. Meet your goals for yourself, your loved ones, and your favorite charities.
2. Determine who will make your medical and financial decisions if you become incapacitated.
3. Plan for the transfer of assets at your death.
4. Plan ways to reduce estate and/or income taxes, if necessary.

Where Do You Start?

- For a helpful questionnaire, visit the WSU Foundation Web site.
- Establish your objectives—for yourself, your loved ones, and your favorite charities.
- Inventory your assets. (See worksheet below.)
- Use professional advisors—the WSU Foundation will be happy to provide referrals.
- Consider all options.
 - Tax-favored assets to family and loved ones.
 - Tax-burdened asset—e.g. Savings Bonds and qualified retirement plans—to charity. If heirs are designated as the beneficiary of these assets, they will have to pay income tax, and your estate may have to pay estate tax as well.
- Design your plan—no two plans are the same.
- Complete and finalize your plan.
- Review your plan periodically.

Determine Your Gross Estate*

Your home	\$ _____
Other real estate	\$ _____
Savings/investments	\$ _____
IRAs/qualified retirement plans	\$ _____
Life insurance/annuities	\$ _____
Business assets	\$ _____
Personal property (including cars, antiques, and other collections)	\$ _____
Other	\$ _____
Gross Estate	\$ _____

*Use values net of debt



How Has Congress Impacted Your Estate Plan?

Tax law passed in 2001 provides for complete repeal of the estate and generation-skipping tax —for the year 2010 only. Beginning in 2002, a tax credit will shelter estates up to \$1 million. By 2009, the credit will protect estates up to \$3.5 million, followed by repeal in 2010, and then reinstatement of estate tax—with only \$1 million of shelter—in 2011.

The top estate tax rate will gradually drop to 45% on estates over the sheltered amounts until scheduled repeal in 2010. (Although the estate tax exemption amount increased, the gift tax exemption remains at \$1 million, the 2002 level.)

Some states, including Washington, have a smaller exclusion amount than the federal government. Your estate may be subject to a state estate tax even if it is exempt from federal estate tax.

Federal Estate Taxes					
Year	Exclusion Amount	Rate on Excess	Year	Exclusion Amount	Rate on Excess
2002	\$1,000,000	41 - 50%	2007-2008	\$2,000,000	45%
2003	\$1,000,000	41 - 49%	2009	\$3,500,000	45%
2004	\$1,500,000	45 - 48%	2010	Estate Tax Repealed	
2005	\$1,500,000	45 - 47%	2011 & later	\$1,000,000	41-55%
2006	\$2,000,000	46%			

The Town Centre Building, downtown Pullman.
Home of the WSU Foundation.



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Estate Planning Amid Uncertainty

See your advisors soon to review your estate plan. Given changes in the tax law, are the values you originally incorporated into your plan still reflected? Are you taking maximum advantage of current and future tax breaks, especially the increased exemptions?

The information in this strategy is for discussion purposes only and should not be interpreted as legal, tax, or financial advice. Before entering into a planned or deferred giving arrangement with any charitable organization, seek competent professional legal and tax advice.