

## Your Will

### Peace of Mind Through Thoughtful Planning

One of the most precious legal rights is the opportunity to dispose of property the way one wants to. Surprisingly, more than 70 percent of adults in the United States die intestate (without a will).

Intestacy (*in-tes-ta-see*) may sound like a serious disease, a diagnosis you would dread hearing from your doctor, but it simply means *dying without a valid will*. Unfortunately, it can have long-lasting consequences just as harmful to your family as an illness.

Perhaps procrastination, inability to face death, and lack of familiarity with intestacy laws are reasons why so many die without executing a will. While only you can deal with the first two, we can explain the serious aftermath of intestacy.

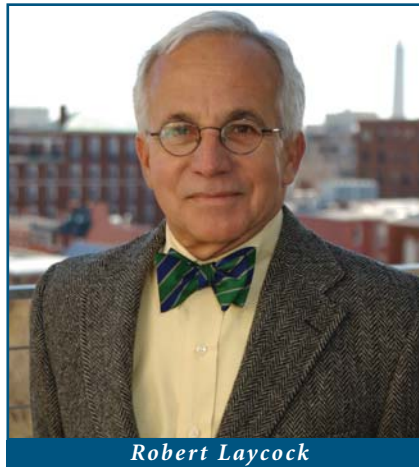
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Send for our free booklet, *Planning Your Will: Insights and Options*

## Robert Laycock BBA '65, MBA '68

“The bowtie is my signature look,” says Robert Laycock, professor of accounting, gesturing towards his stylish blue and green tie. “After so many years in front of a blackboard,” he says, “I have realized that it is impossible to keep a traditional tie free of chalk.” With more than 38 years of teaching experience—his entire career as a full-time professor at Montgomery College, in Rockville, Md., and 21 years as an adjunct professor at The George Washington University—Laycock knows what he is talking about.



Robert Laycock

Recently Laycock made a generous bequest to GW, a gift that enabled him to bridge the two distinct parts of his teaching career. Laycock, who sees numerous bright, qualified students at his two-year college, wanted to make it possible for these students to attend GW.

His bequest creates an endowed scholarship that will support a student in accounting or business who transfers to GW after completing a two-year program at a community college. “Many of the students I teach at Montgomery College have 3.9 grade point averages,” he says, “GW would benefit from these students, and all they need to attend the University is a little help with tuition costs.” Laycock’s thoughtful legacy will ultimately provide a link between the educational opportunities available at a two-year school and those available at GW.

Why has Laycock devoted his life to teaching? “Put simply,” he states, with a hint of a smile, “the students tend to like me.” He goes on to say: “I found my professors extremely inspiring

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during my time as a student at GW, and I wanted to follow in their footsteps. I truly love teaching.”

Laycock’s commitment to his students is evident both at Montgomery College and at GW. He has served as advisor to Phi Theta Kappa, the honors society at Montgomery College that is the equivalent of Phi Beta Kappa at a four-year institution; supports Beta Alpha Psi, the accounting honors society; and has served as the faculty advisor of GW’s equestrian club. Recognized by his peers as a valuable educational asset, he was awarded the Professor of the Year Award from Beta Alpha Psi in 1998 and, in February of 2006, was recognized by Montgomery College with a Silver Medallion Award—a high honor. Laycock enjoys hearing of the successes of former students. “Recently, I ran into a student from one of my classes several years ago,” he said, “she recognized me right away and was really happy to see me—it was gratifying to hear how well she is doing.”

Laycock’s bequest will make a significant difference for generations of students; with rising tuition costs a concern for many universities, the need for scholarship support increases daily. Laycock’s gift is one step towards ensuring that countless intelligent and deserving students continue to attend GW.

—Raina Lenney

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## Looking to the Future

One whole... one-half ... one-third ... represents the portion of your estate that will pass to your spouse if you die without a valid will. The exact amount depends on your state’s intestacy laws. You can always expect an inflexible legislative formula, however, with the distributions seldom coinciding with the intentions of the deceased.

Only through a valid will can you ensure that your wishes will be carried out.

For example, you may have items of tangible personal property that you wish to transfer to specific beneficiaries. Or maybe the needs of each of your beneficiaries will be different. Your will can include provisions that address these matters.

**Remember:** To die without a will is to do a disservice to your family and loved ones. By contrast, a thoughtfully prepared and carefully drafted will can provide peace of mind for both you and your beneficiaries.

What’s more, you can memorialize a lasting interest in The George Washington University. A personal will makes it possible to arrange your gifts so they support charitable interests *and* reduce taxes.

Additionally, a will should not be made and forgotten. Review it periodically and revise it if circumstances dictate a different disposition of property. An excellent will drawn 20 years ago may not be appropriate today.

### Why a Will Is So Important

To determine who gets what at your death is a tremendous advantage financially. True, you will incur some expense in having a will drafted, since writing your own is inadvisable. You will also need to invest time in communicating your desires to an experienced estate attorney. Once done, however, it will be one of the wisest investments you’ll ever make.

A properly drafted will can:

- make provisions for the payment of your debts, administration expenses, and taxes;
- provide for payment of certain specific bequests (certain personal possessions, for instance, may have special meaning to particular children); and

- leave the remainder of your estate to your surviving spouse.

**Note:** Additional provisions usually name an executor of the estate with the authority to serve without bond and with additional management powers not otherwise authorized by state law. This provides for the alternative disposition of the estate in the event of a husband’s and wife’s concurrent deaths.

You may also wish to consider whether all your children have been equally blessed mentally and physically. Have they all experienced the same success in business and in marriage? One or more of your children, after reaching adulthood, may still require your assistance—and may continue to require assistance after your death.

The laws of intestate distribution generally have a “share and share alike” approach. To provide one child with some sort of special consideration, you will have to plan for it yourself, perhaps through a specific bequest.

## Tax Savings Through Wills

A carefully drafted will presents several tax planning opportunities. For married couples, it can secure the maximum benefits of the marital deduction. This deduction is unlimited, allowing a husband or wife to transfer his or her entire estate to the surviving spouse free of federal estate tax.

While the marital deduction can be an important part of an estate plan, it merely defers any potential estate tax until the death of the surviving spouse. At his or her death, when the estate passes into the hands of surviving heirs, it is currently subject to the federal estate tax unless other provisions have been made.

In many cases, however, this federal estate-tax liability can be significantly reduced by the existence of a nonmarital trust. A nonmarital trust is one in which the surviving spouse has limited powers and rights with regard to property in the trust. Property in a marital trust is included in the surviving spouse's taxable estate; property in a nonmarital trust is not included. This allows your surviving spouse to enjoy virtually all of the economic benefits of the estate while ensuring that its value will not be taxed upon his or her death.

## Living Trusts and Pour-Over Wills

If you want to simplify your estate planning, you may wish to consider combining a living trust with a pour-over will. A living trust is a complex but powerful estate-planning tool. Your attorney can help you determine if it is appropriate for your needs.

A pour-over will simply allows the remainder of your estate after payment of certain costs to pour-over into a living trust that has already been established. In addition, you can designate the trust as the beneficiary of life insurance policies and retirement-plan benefits.



This arrangement simplifies your estate by centralizing your assets. It also allows you to clarify the terms by which you provide for your beneficiaries.

## Estate Planning and Charitable Giving

Each year thousands of people designate a portion of their assets for the benefit and support of charitable organizations such as GW. Often, these gift provisions enable individuals to make more significant contributions than would be possible during life. Charitable gifts can be established through simple wills and by the terms of a living trust.

In addition to the personal satisfaction of a philanthropic bequest, gifts such as these provide a substantial estate-tax benefit. This comes in the form of a charitable estate-tax deduction for the full value of the gift. Thus, if you leave assets to a qualifying charity such as GW, that amount is deducted from your taxable estate.

## Planned Giving Q and A

**Jane Kolson,**  
GW's assistant vice president for planned giving, answers questions about wills.



### What are some of the ways that a will can help me protect and provide for my children?

You can use a will to specify a guardian of your choice for your children and invest him or her with the power to act in their best interests. In contrast, if you pass away intestate, the state appoints a guardian who must obtain approval from probate court for nearly every action involving your children's property. In addition, a will ensures that each of your heirs is treated appropriately. If you have children from a previous marriage, for example, a common problem is how to provide adequately for your surviving spouse while ensuring that the property eventually goes to your children. Through a will, you can organize your estate to make sure this takes place.

### What are the advantages of using a will to declare a charitable gift?

If you use a will to allocate a portion of your final estate to a charity such as GW, your heirs will receive an important estate-tax benefit: a charitable estate-tax deduction for the full value of your bequest. In addition, many people find that they are able to make a far more significant contribution to a charity through a will than may have been possible during life.

## We'd Like to Hear from You...

- Please send me/us a free copy of your booklet, *Planning Your Will: Insights and Options*.
- Please send me/us a personalized illustration of the potential income and tax benefits of a charitable gift annuity. My/Our birth date(s) are provided below.
- I/We have already included The George Washington University in my/our estate plan via  will or living trust  IRA or retirement plan  other arrangement.
- I/We are considering including GW in my/our estate plan. Please send further information.
- Please remove my/our name(s) from your newsletter mailing list.

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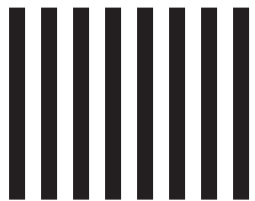
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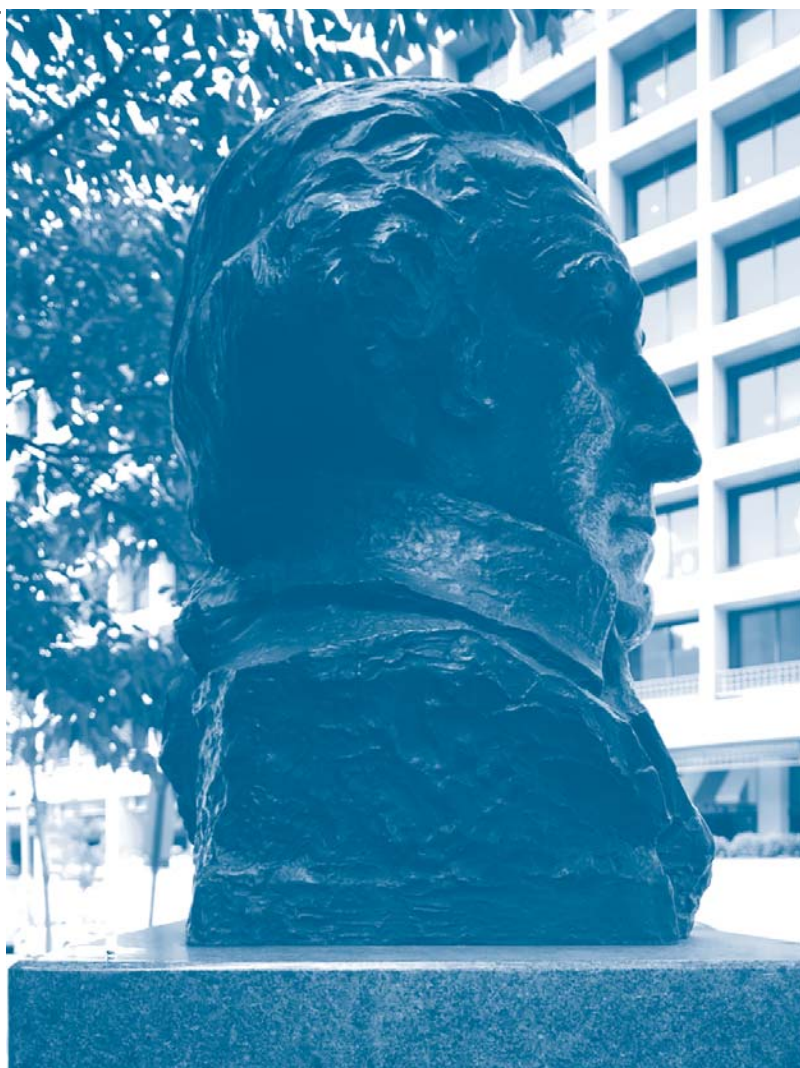
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## Good News from Washington: Charitable Treasure Buried in Massive Pension Legislation

It took nearly a decade, but Congress has finally enacted legislation as part of the Pension Protection Act of 2006 (PPA 2006), which offers charitably minded individuals a golden opportunity to make gifts from their IRAs and exclude the amount of their gifts from gross income.

To qualify:

- **The donor must be 70<sup>1/2</sup> years of age or older;**
- **The transfers must go directly from the IRA to qualified charities;**
- **Gifts cannot exceed \$100,000 per taxpayer per year; and**
- **Gifts must be outright.\***

*\*Transfers to donor advised funds, supporting organizations, and charitable remainder trusts and for charitable gift annuities do not qualify.*

This opportunity is available only for 2006 and 2007, and no charitable income-tax deduction is allowed. Please contact our office at 202-994-9525 to learn how this new legislation may benefit you.

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Gifts by will can also be tailored to meet your specific personal and financial objectives. For instance, you may wish to express your bequest as a percentage of your estate rather than as a specific dollar amount. This is an excellent method of protecting your intended beneficiaries in the event of a reduction in the size of your estate.

### *We Can Help*

Your will is the foundation of your estate plan. If you would like additional information about planning options available through your will, please return the enclosed card for a complimentary copy of our booklet, ***Planning Your Will: Insights and Options***, or contact Justine Van Wie in the Office of Planned Giving at 202-994-9525 or justinev@gwu.edu.

THE GEORGE WASHINGTON UNIVERSITY  
WASHINGTON DC

*For more information, please contact:*

The *Planned Giving* Report  
A publication of GW's Office of Advancement

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The George Washington University  
Telephone: 202-994-9523/800-789-2611  
E-mail: jkolson@gwu.edu

*This newsletter provides general information and examples for discussion purposes. Please consult with your attorney or other financial advisor to evaluate the applicability to your unique tax and financial circumstances.*



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