

WHAT IS A CHARITABLE BEQUEST?

Simply put, it is a provision in either your will or your living trust which provides that all or a portion of your estate is to pass to a charitable organization such as Grand Valley State University. This provision can take effect immediately upon death or can be contingent on someone's (spouse, children) surviving.

If the bequest is provided for in your will, your gift will be distributed subject to probate court proceedings. If you have made the bequest a provision of your living trust, your gift will be made by your trustee.

If your estate is subject to *estate* taxes, your charitable bequest will likely reduce your tax liability. Usually, no *income* tax benefits are generated by your bequest unless you stipulate that your charitable bequest is to be made out of assets on which you paid no taxes during your lifetime such as IRA, 401K, or Keogh accounts.

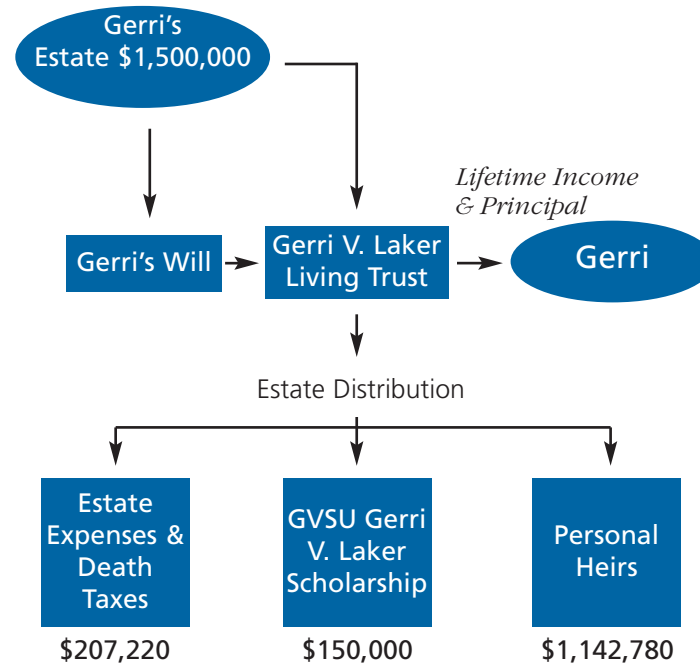
Because appreciated assets take on a new cost basis at your passing, it is likely that no capital gains tax will be incurred when your bequest is distributed.

You may state your charitable bequest provisions in a number of ways:

- you may stipulate a specific amount,
- you may stipulate a percentage of your estate, or
- you may name a specific asset.

It is very important that you work with your attorney in preparing your will (and trust); in addition, we highly recommend that you include GVSU in your planning. Grand Valley's Director of Gift Planning is willing to help you establish a bequest that meets your desires, and to cooperate fully with your professional advisors.

A CHARITABLE BEQUEST EXAMPLE



Gerri V. Laker, a single person age 60, desires to establish a scholarship endowment with GVSU by means of a bequest from her estate. After a visit with GVSU's director of Gift Planning about scholarship plan requirements, Gerri visits her attorney. They determine that Gerri's estate, valued at \$1,500,000, along with pension and government income benefits, is sufficient to support her for life because estate growth is anticipated. Because of the size of this

estate, death taxes are likely. Gerri's attorney recommends that a new will and a living trust be created and that the trust contain a provision for Gerri's bequest to GVSU. This bequest is to be 10 percent of the estate. Referring to the chart, you will note, assuming no increase in estate value, that GVSU will receive a bequest in the amount of \$150,000. This amount will be held by GVSU in the Gerri V. Laker Scholarship Fund; the income from which ($\$150,000 \times 5 \text{ percent} = \$7,500$ per year) will be used to help college students with their tuition.

Because of Gerri's bequest, estate expenses and taxes will likely be reduced by more than \$70,000.

CHARITABLE BEQUEST BENEFITS

The charitable bequest, the most popular form of the estate gift plans, offers alumni and friends of GVSU the opportunity to create an endowed legacy to benefit Grand Valley students in perpetuity.

You are encouraged to coordinate with GVSU's director of Gift Planning and your attorney to create a charitable bequest in your will or living trust.

- Your bequest will likely qualify 100 percent for estate and inheritance tax reduction.
- If made with tax-qualified assets (IRA, 401K, Keogh plans), some income tax to your heirs may be eliminated.
- If made through your living trust, probate will likely be avoided.
- Your bequest may be designated to GVSU's unrestricted endowment or to a scholarship fund.

Be sure to coordinate with Grand Valley's Director of Gift Planning on how you wish your bequest gift used.

JOINING THE GILLETT SOCIETY

Named after Richard M. Gillett, one of the founding fathers of Grand Valley State University, the Gillett Society recognizes those of the greater GVSU community — alumni, parents, friends, faculty, and staff — who have graciously made personal estate gift arrangements to eventually benefit the University. Such gifts, typically applied to permanent endowments, include:

- Will and living trust bequests
- Remainder unitrusts and annuity trusts
- Lead trusts

and other customized, deferred charitable gift plans.

If you have made an estate gift arrangement for the eventual benefit of GVSU, please complete the reply card and forward it to the Office of Gift Planning to ratify your membership in the Gillett Society.



FOR MORE INFORMATION

For more information on a charitable bequest for Grand Valley State University call or write:

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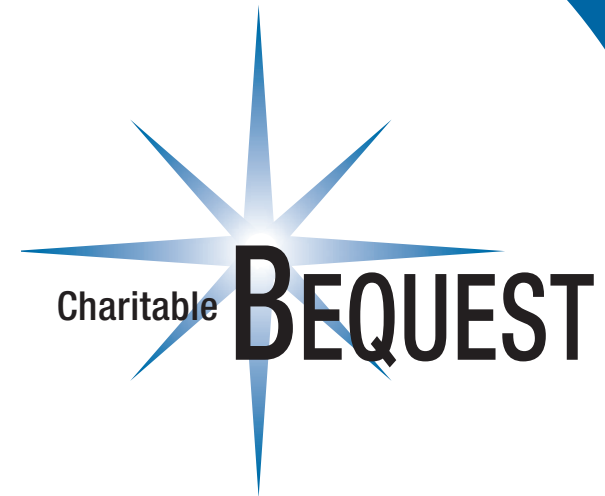
Fax: (616) 331-6099

E-mail: jcheer@gvsu.edu

Web site: www.gvsu.edu/development

Your inquiry and the information you share will be held in strict confidence. We will be happy to provide you with a customized illustration of how a charitable bequest can benefit your heirs and your estate. In addition, we will be happy to coordinate with your professional advisors regarding the legal, tax, and financial implications of the plan we illustrate for you.

Grand Valley State University is an affirmative action/equal opportunity institution. It encourages diversity and provides equal opportunity in education, employment, all of its programs, and the use of its facilities. It is committed to protecting the constitutional and statutory civil rights of persons connected with the university. 3/03.



...leaving your legacy

