Thoughtful Estate Planning

Lois Stratemeier is a native Chicagoan and, as such, says she has always felt a strong connection to DePaul University. She was a Liberal Arts and Science student in the early ’50s and received her diploma in June 1953. She spent 35 years in the meetings and conventions industry. She served as Director of Convention and Meeting Services for the American Academy of Orthopaedic Surgeons, and retired in 1994.

She still cheers on DePaul at an occasional basketball game, attends plays at the Merle Reskin Theatre or listens to a special musical offering at 800 W. Belden. She also serves as Secretary-Treasurer for the Renaissance Circle at DePaul, whose mission is to present to its members the beauty and creativity that exists within the city of Chicago. She feels that Chicago is a great Midwestern city with all its charm and diversity and that DePaul exemplifies all that is great about the city. Lois feels that, because DePaul offers a course of study for everyone, “the best thing about DePaul is its diversity.”

Lois calls herself a member of the “silent generation” (born between 1927 and 1945), but says that she is certainly not silent about estate planning. According to Lois, thoughtful estate planning “is essential and should be a personal priority for everyone, especially women.” Her reasoning is simple. She feels that women are detail-minded and good at anticipating the needs of family and friends. They work hard for their money, and therefore it is important that women plan carefully for their retirement and for how they wish their estate assets to be allocated. It is important that women, whether single, married or widowed, formulate an estate plan that reflects all that is important to them.

DePaul has been fortunate to have Lois’ generous financial support over many years. We are also grateful to have a friend and alumna who has been so involved with the DePaul community and its events for so long. Providing for DePaul in her estate plan is a continuation of her affection for, and dedication to, the university that has played such a big part in her life. Lois says she is happy and proud to say that she is a member of the Cortelyou Heritage Society. DePaul is certainly proud to have Lois as a long-term friend, donor and CHS member.

Throughout this issue we have included photos from the Cortelyou Heritage Society Luncheon held on April 27, 2005.
Estate Planning . . .
A Woman’s Special Needs

State planning for women really is different than estate planning for men.

Life expectancies are longer for women, making it likely that a wife will outlive her husband and be responsible for two estates – including the taxes.

Whether a woman is single, married, divorced or widowed, she needs to consider how she wants to benefit, after her death, those persons and worthwhile institutions that are important in her life.

Wills and Trusts. Every woman needs a will or revocable living trust to ensure that her property is distributed in a thoughtful, organized manner. The article on the next page shows what can happen if you have not made plans for an orderly distribution of your estate.

Protection of Beneficiaries. You may need a trust in your will, or a lifetime trust, to protect minor children or an aged or disabled family member. Charitable trusts also can minimize probate costs or reduce federal estate taxes.

Minimizing “Shrinkage.” Planning can reduce the shrinkage that occurs in many estates from death taxes, administration costs and other expenses. The federal estate tax becomes a problem when your estate exceeds $1.5 million, increasing to $3.5 million by 2009. In 2010, the estate tax is repealed for one year only, after which it will hit estates of $1 million or more.

Estate taxes are of greatest concern to women who die without a surviving husband, because they lack the protection of the “marital deduction.” Here are some tax strategies for surviving spouses:

- Consider a program of lifetime gifts (gift-tax free up to $11,000 per person each year) to reduce your taxable estate.
- Consider a trust for your surviving beneficiaries that will provide financial security and may avoid federal estate taxes upon their deaths.
- Consider a charitable remainder trust that provides lifetime income for a family member and later benefit for our programs. Your estate will receive a charitable deduction that may lower taxes.

A Tax Break for Spouses

The unlimited marital deduction allows husbands and wives to leave everything they own to a surviving spouse, with no federal estate tax. However, it may not be wise from a personal or estate tax standpoint to do so. Instead, consider leaving part of your estate (the amount sheltered from tax) to a trust that benefits your husband during his life, with the property passing at his death to other family members. The same kind of trust can be helpful to single women as well (see the chart on the next page).

Edwin and Carmelita Schillinger
Estate Planning for Single Women

The impact of one estate tax can pose a most serious threat for the beneficiaries of a widow or single woman. Paying two estate taxes on the same property can be disastrous.

Consider Miss Able, who left her entire estate to her 65-year-old widowed sister. If Miss Able died in 2005, her $1,900,000 estate would be subject to a depletion of $263,600 in estate taxes and expenses. When her sister dies ten years later, the remaining $1,636,400 of Miss Able’s estate is again subject to settlement costs – and estate taxes. In all, the impact of double taxes and expenses reduces the original $1,900,000 estate significantly.

Benefits of Careful Planning
Let’s take a look at the very much different estate picture that could have resulted if Miss Able had carefully planned her estate. By creating a $400,000 trust that would provide for our programs only after her sister’s death, and a second trust that will provide income security to her sister but escape tax at her death, Miss Able actually could leave almost $75,000 in additional funds for her sister’s use and make the $400,000 charitable gift to us.

Miss Able’s Planned Estate

The John R. Cortelyou Heritage Society

Rev. John R. Cortelyou, C.M. was President of DePaul University from 1964 through 1981 during a period of extraordinary advancement. His legacy is now reflected in the program that bears his name. The Cortelyou Heritage Society honors individuals who demonstrate their commitment to DePaul by making a planned gift today that supports the goals DePaul will realize in the future. Call our office at 312-362-8268 to find out more about this honorary gift club.
Every woman reading this newsletter needs an estate plan, whether she owns large amounts of property or little, whether she is the head of a large household or has no dependents.

Whatever your present financial and personal situation may be, you should consider the following important facts:

- If you don’t have an estate plan, your estate will be distributed in accordance with state law, regardless of your wishes.
- Minor children under your care will be assigned a guardian by the courts, unless you draft a will that names the guardian of your choice.
- The courts may decide important matters, such as who lived longer in the event of a “common disaster.” With a carefully planned will, tax problems can be minimized.

The federal estate tax may present a threat to your family’s future security, although unmarried women or widows are able to leave up to $1.5 million to their beneficiaries free of the estate tax.

If you do face a federal estate tax, there are many ways to reduce or avoid the tax and still accomplish your goals and objectives. If you are married, you are entitled to the marital deduction, which allows a married woman to leave all her estate to her husband tax free.

Another estate tax deduction – one that can benefit both your estate and the University – is the charitable deduction. Through it you can gain the personal satisfaction of knowing part of your estate will benefit DePaul, and also achieve important tax savings. In fact, a deferred bequest to the University can actually increase the income available to your other beneficiaries.

To help you in your estate planning, DePaul University has a booklet that provides a comprehensive guide for today’s woman facing tomorrow’s problems and opportunities. We urge you to send the enclosed card for your copy of Estate Planning for Women.

Today’s Woman and Her Estate

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This publication is prepared exclusively for the information of our friends and donors. Its purpose is to point out current tax developments that may be helpful in your tax and financial planning. You should, of course, consult your attorney as to the applicability of any items to your own situation.