

TALENTS

Wheaton College Gift and Financial Planning Newsletter

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Dear Friends,

My colleague's wife was recently on an airplane leaving Chicago when she noticed the passenger sitting next to her was an off-duty pilot. He turned to her and said, "Don't be scared when you see what I am working on." With that, he moved his arm to the side and revealed that he was updating his will!

As frightened as she was to watch him work on his will midair, the pilot sets a good example for those who have not recently updated their estate plans. If you have not reviewed yours recently, now may be a good time to ensure that your giving priorities are still the same as before. Perhaps you have a new grandchild you would like to include, or your children are doing well enough that you can give more to Christian organizations.

We will address a number of myths regarding estate plans in both this issue and the Winter 2018 issue of *Talents*. We discuss the importance of providing your loved ones with both resources and clarity regarding your wishes, and have attempted to tailor the myths for Wheaton alumni and friends. This issue includes an interesting account of an impactful bequest that Wheaton College received in the 1970s, and we will explore specific giving options in the following issue of *Talents*.

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Wheaton College

For Christ and His Kingdom



SEVEN COMMON MYTHS ABOUT WILLS

1. I'm just remembering my family, and they won't fight over my estate, so I don't need a will.

Clarity in your plan is crucial. A will helps you to reduce uncertainty for those administering your estate, to designate beneficiaries, and to direct simplified probate proceedings. Even if your family does not fight over your estate, they need a clear understanding of your wishes. A will also ensures that courts distribute your assets according to your desires, as opposed to default distributions for those without wills. For instance, most people want a surviving spouse to receive 100% of their property, but if you own property solely in your name in Illinois **without a will**, your spouse will only receive 50% of it. Others may desire to provide for relatives and Christian ministries, for which state law does not provide without designation in a will. Finally, it is difficult to predict whether family members will fully cooperate during your estate's administration, and a will allows you to designate your executor and promote stability during a time that may be fraught with tension and uncertainty.

2. I don't need a will because my assets are primarily in accounts with beneficiary designations.

Many people assume that a will is not necessary because most of their net worth is in retirement accounts with beneficiary designations. However, not all assets are in such accounts. A will is necessary for tangible personal property such as jewelry, heirlooms, furniture, and vehicles, for small bank accounts or other property where beneficiary designations are not possible or simply forgotten, and for tax refunds and vested inheritances.

3. A good will rarely needs to be revised.

Sometimes people feel that once they have wrestled with the estate planning issues and executed a will, they need to reconsider little as time passes. However, our intentions may change over time regarding beneficiaries such as family members and charities, and perhaps personal representatives are no longer available or competent. Experts say you should review plans every three to five years to make sure that an estate plan is finely tuned.

TAX-EFFICIENT OPTION BEFORE DECEMBER 31

Perhaps you like the idea of designating charities as beneficiaries of your retirement accounts, but would also like to make a current gift. If you are at least 70 1/2 years old, consider an **IRA Charitable Rollover**, which allows you to transfer up to \$100,000 directly from your IRA to charities of your choice. The distribution is not included in your adjusted gross income, so you can benefit even if you do not itemize deductions on your tax return. Additionally, this gift can count toward your minimum required distribution and may lower your tax rates and state income taxes. If you would like to give to Wheaton through an IRA Charitable Rollover, please contact us.

4. Once my will has been executed, it controls the distribution of all of my assets.

Increasingly, people are coming to realize that wills do not control the distribution of all their assets, but that many assets pass either by beneficiary designation or by operation of law (joint tenancy property). While beneficiary designations have always been available for life insurance and retirement plan assets, “payable on death” designations have become popular in recent years for non-retirement bank and brokerage accounts. This is a good reason to make sure that all titling and beneficiary designations are coordinated with the provisions of your will, to ensure that the ultimate flow of your estate matches your intentions.

5. Probate is always costly and inefficient, so I need a revocable trust to efficiently administer my estate.

Some people believe that supervised probate of a will is a process that must be avoided at all cost. The most popular means of avoiding probate is by means of a revocable trust (which we will discuss in our next *Talents*). A revocable trust is not necessary in all situations, and court probate by means of a will need not be onerous. Many states have simplified the probate process so that for many estates, the costs and complexity of a revocable trust may not be necessary.

6. It is best to designate charitable organizations as beneficiaries only in my will or revocable trust.

While designating charities through your will may be effective, in some instances it is not always the best way to remember them. Most retirement accounts contain assets that are taxable for those who receive them by beneficiary designation. Designating charities as beneficiaries of your retirement plans can be an efficient way of remembering those charities since they do not typically pay income tax.

7. My estate is too small to make an impactful gift to Christian ministries.

As cliché as it may sound, no gift is too small to make an impact. It may seem that your modest gift won’t have a significant impact, but in Wheaton’s case, these gifts add up and directly support the needs of students across campus. This past year, Wheaton received bequests ranging in value from \$150 to \$170,000. These gifts help provide scholarships for students, needed maintenance on buildings, and programming that ensures an excellent Wheaton education. Every gift, and we mean every, leaves a positive impact on our ability to equip and train our students for Christ and his kingdom.

THE IMPACT OF EVERY GIFT:

58
bequests

—
fiscal years
2015-2017

\$4.35
million
received in gifts
through
bequests

Gifts ranged from \$150 - \$1.68M



THE LEONARD FRY ESTATE

In 1973, Wheaton College received notice of its largest bequest in College history. Leonard Fry, owner of the PBS Coal Companies in Maryland, Pennsylvania, and West Virginia,¹ died at the young age of 57. Unbeknownst to Wheaton, he had updated his estate plan to bequeath a significant portion of his estate to the College. Fry and his wife only visited Wheaton's campus once, less than a year before Leonard died, and they were impressed by their visit. Neither had attended Wheaton; in fact, their only ties to the College were their pastor (a Wheaton alumnus) and their appreciation for Billy Graham.

Though Fry knew he was making an impactful gift to Wheaton College, he did not necessarily anticipate the vast size of his gift. He passed away in 1973, and due to the oil crisis and other external factors, the value of coal nearly doubled the following year. By the time his will was executed, Fry's gift to Wheaton College totaled \$12.2 million.

President Hudson T. Armerding penned the following words when he announced Wheaton's receipt of the bequest: "Individual gifts, both small and large, are essential to maintain quality Christian education. . . . It is because of God's provision through people directed by Him that we are able to meet the challenge of the future."

¹ Bechtel, Paul M. "Wheaton College: A Heritage Remembered, 1860-1984"

Few can bequeath \$12.2 million to their loved ones or charities they desire to support. However, similar to the example set by the pilot mentioned on page 1, Mr. Fry also provided a good example to follow:

1. He updated his plans and ensured that his estate provided assets to Christian charities he admired (Messiah College in Pennsylvania also received a large bequest).
2. He revised his estate plan at a young age rather than putting the process off another year.
3. Because Fry provided clarity through his will and good planning, his business associates understood his wishes for his estate, the corresponding courts honored them, and Fry ensured that both his family and Christian charities were well cared for.
4. Regardless of the size of his bequest, Leonard Fry was intentional in making his gift. Even when he anticipated his estate's value to be lower, he was deliberate in stewarding his assets.

