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SPRING 2005

W I S C O N S I N

Dividends



Why you should have a will

Changes in the tax law: Time for a checkup!

A majority of adult Americans do not have wills—in fact, about 70 percent. Why is it that some 70 percent of us will spend a lifetime of working, of accumulating an estate and of caring for a family and loved ones and then leave the important matter of the distribution of our property up to state law, which may not be in accordance with our wishes?

One reason individuals die without a will is procrastination—the “I’ll-do-it-tomorrow” syndrome. And some think they do not have enough money to justify a will, while others believe that the making of a will is to invite death.

A further possible reason is the lack of familiarity with intestacy—a legal term that means dying without a will—and, undoubtedly, the belief that property will be distributed by law basically in accordance with one’s wishes.

The first three “justifications” for not making a will, of course, are essentially personal and cannot be dealt with here. The latest reason—uncertainty as to the consequences of intestacy—can (and should) be dispelled by the facts.

Probably no other document you will sign in your lifetime is as important as a will. With a will you can:

- determine to whom, how and when your assets will be distributed;
- name an executor who will manage the estate in accordance with your intentions;
- create trusts for your spouse, children or others, thus providing income for beneficiaries as well as saving taxes;
- reduce and sometimes eliminate estate taxes and

- make gifts to charity. *A charitable organization can never inherit from the estate of an individual who dies without a will.*

Once a will is made, it should be kept in a safe place, such as a bank’s trust department vault, an attorney’s vault or one’s own safe-deposit box. Let one or more people know where your will is, but not necessarily what it contains.

A will should not be made and forgotten; it should be reviewed periodically and revised if circumstances dictate a different disposition of property. An excellent will drawn 20 years ago may not be appropriate today.

Your will—A priceless privilege

Of all of life’s privileges, one that is perhaps the most ignored is the making of a will.

REMEMBER! To die without a will is to do a disservice to one’s family and loved ones. The right to plan one’s estate is a priceless privilege—cherish it.

This issue of *Wisconsin Dividends* highlights the importance of exercising your right to make a will.

Changes in the tax law: Time for a checkup!

Because of the dramatic changes brought about by Tax Relief 2001, a checkup of your will and estate plan is now more important than ever.

Fewer and fewer estates will be affected by the federal estate tax for the rest of this decade as the exemption-equivalent amount climbs to \$3.5 million in 2009 (see following chart). The tax is repealed for the year 2010—but it will be back in 2011 in full force with an exemption of \$1 million unless repeal or higher exemption amounts are reenacted at that time.

If you have a moderate-to-sizeable estate, your estate plans will require periodic reviews with your attorney and other advisors as the phase-in schedules of Tax Relief 2001 unfold. We urge you to keep in close touch with your legal and financial advisors over the next decade. You may have to adjust your plans more frequently to achieve your financial and philanthropic objectives.

Estate Tax Rate and Exemption Schedule		
2002	\$1 million	50%
2003	\$1 million	49%
2004	\$1.5 million	48%
2005	\$1.5 million	47%
2006	\$2 million	46%
2007	\$2 million	45%
2008	\$2 million	45%
2009	\$3.5 million	45%
2010	Estate Tax Repealed	
2011	\$1 million	55%

Several common myths about wills

Myth: “Only rich people need wills.”

Quite the contrary. In fact, those who are not rich are usually those whose families may be hurt most by the failure to have a will. As an example, the laws of most states provide, in the absence of a will, more adequately for children than for the surviving spouse. Not to be overlooked is the fact that many people are worth more than they realize—when they take into account their life insurance, retirement benefits, home, savings and securities.

Myth: “People without dependents do not need wills.”

Just the opposite. A person without dependents who does not have a will may find that under state law his or her property will go to his or her parents and perhaps brothers and sisters in specified, rigid shares. Friends, of course, will be left out, as will any worthy charities and other organizations the person may have wished to support.

Myth: “Younger people do not need wills.”

Wrong again. Every adult is likely to need a will, especially young married people with children. Accidents occur, and it is not uncommon for fatal accidents to involve both parents. These are exactly the situations in which an up-to-date will can prove

invaluable for the survivors.

Myth: “All my property is in joint ownership—why do I need a will?”

Comments: It is unlikely that *all* of your property is jointly owned—for example, retirement benefits, death benefits from your employer, income tax refunds, etc. More important, it may be disadvantageous to have all of your property in joint ownership. If the creation of joint ownership in property creates a gift, then federal and state gift tax consequences, as well as estate tax consequences, may need to be considered. And what happens if you and the joint tenant die in a common accident?

Joint ownership can work, but the odds are not insignificant that something could go awry—and there is no need for you to take any risks.

Your will—or the state legislature’s will?

For whatever reason, those seven out of ten Americans are, through default, in effect permitting their state legislature to “write” a will for them. (See example at right)

Example:

Such a “fictitious will”—if it were in writing—might very well read as follows:

I, John Smith, declare this to be my will.

A. I give only one-third of everything I own to my wife and the other two-thirds to my young children. I have my fingers crossed that one-third of my property will be sufficient for my wife’s support; otherwise, the children will have to support and look after her.

B. My wife shall be the guardian of our children, but every year she must make a written report to the probate court giving in detail how she spent every penny of the children’s money and the reasons for each payment. I understand this costs money every year.

C. Of course, I want my children, when they reach their majority at the age of 18, to be able to spend their two-thirds of my property in any manner they choose. It would be nice should they choose to spend some of it on their education instead of on cars, but I don’t want any control over that.

D. If my wife dies before I do, I do not want to select the guardian of our children. I would rather leave this up to the court and our various relatives and hope that they can select someone my wife and I would have wished to raise our children.

E. I have heard there are ways in which estate taxes can be saved, but I have no interest in this subject.

If this “fictitious will” seems a farfetched idea, it is the way many people “choose” to dispose of their property. The laws of every state provide an inflexible method and procedure for the disposal of property of those who do not have wills. To put it another way, the state legislature has written a “will” for each person, although everyone has the choice to make his or her own, personal will. A carefully thought-out and well-planned will can ensure that your personal and family objectives are carried out after your death—strictly in accordance with *your* wishes and not the impersonal mandate of the laws of your state.

Preparing your will

Regardless of your age or your financial circumstances, there is no better time than the present to plan for the disposition of your assets through the means of a will prepared by your attorney. A carefully thought-out will can minimize the impact of estate taxes and provide more funds for your family. It can also provide an enduring expression of your charitable wishes. The tax laws encourage the support of charitable organizations through income tax deductions, as well as estate tax savings. Thoughtful estate planning in consultation with your attorney, accountant or other professional advisor may enable you to provide assistance to the University of Wisconsin-Madison, as well as benefit your family.

Where to start

You should first make a list of all your property and its approximate value. Don't overlook retirement

benefits and life insurance. Then you need to decide to whom you want to leave your property and in what manner. The attorney who prepares your will might suggest that some part of your property be left in a trust: your will, for example, could create a trust to provide income to your spouse for his or her lifetime, with the property then to go to your children. Trusts of this nature can often be used to save estate taxes. Your attorney can advise you about such tax savings and also can show you how a gift made under your will to a charity such as the UW Foundation saves taxes.

Choosing an executor

The executor named in your will has the responsibility of carrying out its directions. You can name a spouse, relative or friend. Many people prefer

to name a bank or trust company that is experienced in handling estates and managing the investment and distribution of property. One advantage of a bank is its permanence—an individual could predecease you.

What does a will cost?

For a simple will, most lawyers would likely charge about \$500. The cost normally will increase as the complexity of the document increases, but the preparation of a will is one of the least expensive services an attorney renders.

Can I prepare my own will?

Yes, but there are risks involved. A will is a legal document that must meet the legal requirements of your state. If it does not, it could be invalid.



We're here to help

For additional information about wills, please return the attached card for a complimentary copy of our booklet, *Your Will and Other Ways to Transfer Assets*, or call our office.

He learned to learn —now he's helping others

Dr. Anthony (Tony) J. Kisley ('55 BS Med, '58 MD Med) was not known for his academic achievements in high school and graduated in the lower third of his class. "I was mainly interested in athletics," he said.

Neither of his parents graduated from high school. "Dad went through about mid-elementary school, and Mom, an immigrant from Czechoslovakia, finished seventh grade," said Tony.

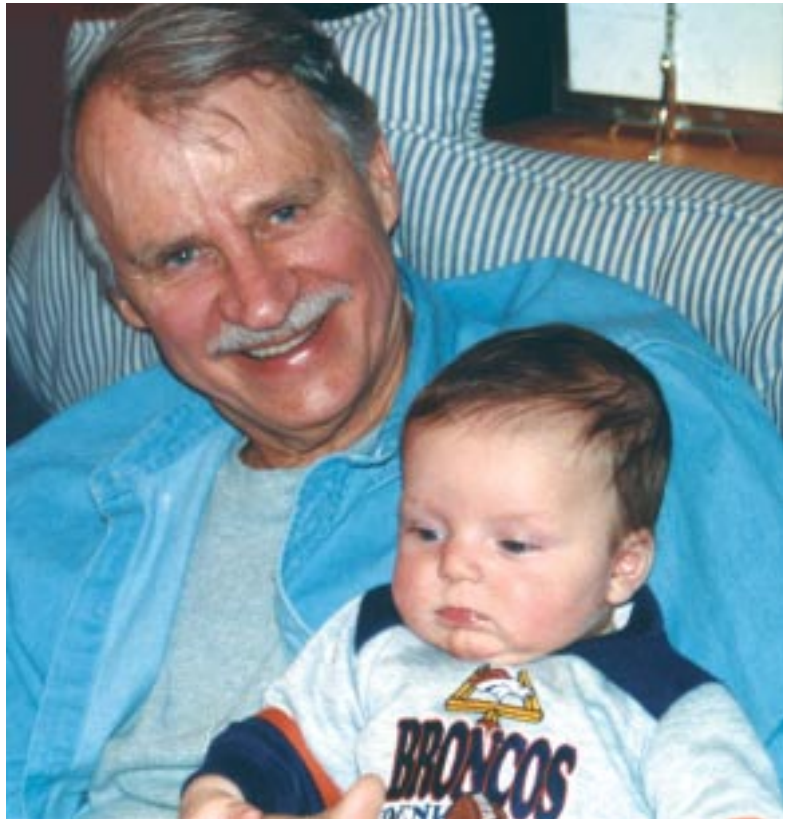
"Then I fell in love with the valedictorian of our high school class, and she really encouraged me to consider going to college. That was actually how it all turned around."

Tony grew up in a blue-collar family, one of six children. His father was a laborer in the packing plant in Cudahy, Wisconsin. "I spent one summer there while in high school and realized that was not what I wanted to do for the rest of my life," Tony said.

So he decided to take a different path. Tony followed his first "real love" to the University of Wisconsin-Extension in Milwaukee. "That's when I got turned on to

education because of the excitement and pleasure I experienced from learning," he said. Tony became a very good student and received some scholarships and a tentative acceptance into the UW Medical School in Madison. After two years in Milwaukee, Tony moved to Madison to finish his undergraduate requirements.

"Having been a small-town boy, I was unprepared emotionally for Madison and my grades began to suffer," he said. "I tapped beer kegs at fraternity parties for income and had too good of a time, I guess."



Dr. Tony Kisley with his grandson Jake

"Dr. Otto Mortenson, who was the head of the admission committee from the Medical School, called me in and asked what was happening and sternly, but kindly, encouraged me to 'get back to the books.' I appreciated his fatherly and supportive manner."

Tony started medical school his fourth year of college. "It was a very busy time, but I truly enjoyed it. It was remarkable how much gratification I got out of school, even though it was overwhelming in terms of the commitment of time," he said.

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He learned to learn

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Tony met Dr. Middleton, who was dean of the Medical School, and he, too, made a strong impression on the young student. “We were making rounds; it was his last year as dean. He told us a story about how he would take first-year medical students to see a terminal patient and encouraged them to ask questions. Most of the questions were, ‘How is he doing with this illness?’ ‘How is his family handling the situation?’ ‘What preparations is he making?’ The students were showing a humanistic approach to medicine. Dr. Middleton contrasted that by describing how a group of senior medical students reacted to the same patient. Their questions were more clinical: ‘What’s the nature of the patient’s liver function?’ ‘What’s his BUN?’ ‘What do the X-rays look like?’ It was a very different exchange, and that really struck me. I can’t help but feel that in the back of my mind that event had something to do with my eventually ending up in psychiatry,” Tony said.

“Medical school was wonderful even though it entailed long hours. I also worked for room and board helping an elderly woman near the hospital. But during the summer between my second and third years I assisted Jack Miller, PhD, in the department of pharmacology. I had met him through one of my courses. We worked on an extract called Relaxin and its effect on smooth muscle. We wrote a paper on the research, and I received the Borden Award. It was a real boost to my ego, and it also provided some pocket money, allowing me to fly to my

internship at King County Hospital in Seattle.”

Before he left Madison, Tony became interested in neurosurgery and was an extern, a position similar to an intern with the same duties and benefits. He planned on coming back from Seattle and doing a neurosurgery residency in Madison.

“To my dismay during my internship I was assigned a mentor who was a psychiatrist and thought, ‘Why on earth am I being mentored by a psychiatrist?’ He turned out to be a marvelous man; he was a real humanist and taught me to understand patients in ways I hadn’t before. It was a life-changing experience for me,” he said.

“I called my chief back in Madison and told him I was going to do a year of psychiatry before I came back to Madison. He said, ‘Fine, it makes good sense to have a neurosurgeon with bedside manners.’”

Eventually Dr. Kisley went to the University of Colorado and started his psychiatry residency. He’s been a psychiatrist in Colorado ever since, specializing in child and adolescent works. “It’s been a twisted journey to get where I am, but it’s been a wonderful journey. I’ve loved my career, and I continued working until age 70,” he said.

“Since I graduated from the University I haven’t had any direct contact with the UW, but I’ve always felt a warm place in my heart for the University and Madison. I’ll never forget it. I had a remarkable life there, and I feel much gratitude for the kinds of support given me,” he reminisced.

“I’m in the twilight of my life and decided what I wanted to do with the rest of it. I was working with an attorney on my estate planning, and he helped me solidify my gift to the University.

“I’ve directed my gift to the Medical School, to students in need. Since I grew up in a lower socio-economic setting, I have a strong sense of how important it is to support students who have motivation, need and potential but not the finances. It was the University that instilled in me the importance of lifelong learning, and that’s going to be a part of my life for the rest of my life.

“Even today learning is a major part of my life,” Tony said. “The year I transferred from Milwaukee to Madison I had met most of my science requirements for medical school so I decided to take a course in astronomy. It was a stimulating course, and I really got turned on. I told my college advisor about that, and he said to me, ‘The way that you’re talking about this makes me wonder if you’re thinking about transferring from pre-med to astronomy?’ I said, ‘It certainly has occurred to me.’ He told me, ‘Tony, you’ll never make a living as an astronomer.’

“However, since I’ve retired, I volunteer with the Denver Museum of Nature and Science in an interactive and technical program on space and science. So here I am continuing an earlier interest as my second career. It’s been delightful and fits into the idea of lifelong learning,” said Tony. “Remember, life is good.”



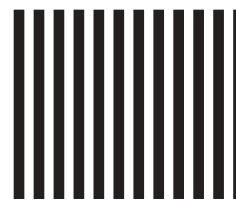
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University of Wisconsin Foundation Vision Statement

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The University of Wisconsin Foundation engages those who care about the University, provides opportunities to enhance its teaching, research and outreach programs and guarantees ethical stewardship of the gifts received.

Dear Friends,

I'm pleased to bring you the latest issue of *Wisconsin Dividends*.


Our newsletters are designed to provide information about financial and estate planning, as well as thoughtful charitable gift arrangements. In this issue we feature the importance of having a will, for your own peace of mind as well as for the possibility of leaving gifts to the people and organizations you care about.

To assist in your planning, we would like to provide you with a free copy of our new booklet, *Your Will and Other Ways to Transfer Assets*. To request your copy, simply return the attached card or call our office.

If you do not yet have a will, I encourage you to think about instructions and provisions for those you will leave behind. As you remember the people and organizations vital to your life, I hope UW will be on your list. If you are considering making a gift by bequest, our staff would be happy to talk to you and provide sample bequest language.

I look forward to the opportunity to serve you.

Sincerely,



Russ Howes
Vice President
Legal Affairs and Planned Giving

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