

**PRB**

Population  
Reference  
Bureau

# PRB Matters

Summer 2008

PLANNING FOR TOMORROW

## Why Not Speak for Yourself?

Americans value the right to speak their minds. It may seem ironic that more than half of all Americans do not have valid wills, the most well-known method of recording wishes regarding the future distribution of their property.

### *What happens without a will?*

When a person passes away without a will or other legal arrangement in place to distribute property, state laws take over. Added administration costs, delays, and arbitrary, impersonal distribution of property can result. These problems can be easily avoided, however, by simply deciding to speak for yourself.

When you do so, I hope you will consider including PRB. Since the first edition of *PRB Matters* was published two-and-a-half years ago, more than 90 members and friends have asked for more planned giving information, and many have committed to put PRB in their wills.

Over this period, 15 additional funding organizations have joined the ranks of our sponsors, and several long-time sponsors have expressed confidence in our work by substantially increasing their support.

Our planned giving program empowers us in ways that most such programmatic funding cannot: to keep abreast with the information needs of our audiences around the world and with the ever-changing electronic capabilities to inform and empower them. The kind of general support provided by planned giving allows us to adjust nimbly and, at the same time, to plan strategically. It can enable “venture capital” investments that then get adopted by an institutional sponsor.

When you include PRB in your plans, you also affirm for our colleagues and trustees the value of all we do. I greatly appreciate your continuing support of PRB. So as you “speak for yourself” in your will, please don’t hesitate to contact me with any comments and suggestions about our programs. You can reach me directly at (202) 939-5409 or at [bbutz@prb.org](mailto:bbutz@prb.org).

I do hope you enjoy this edition of *PRB Matters*. Have a great spring and summer!



William P. Butz  
President and CEO



William P. Butz  
President

## Inside This Issue

- How probate works
- The benefits of a QTIP trust
- Profile in giving:  
Jean van der Tak



## IS IT TIME FOR A REVIEW?

The birth of a child, the death of a spouse, or a career change that brings substantially greater earnings are the types of life events that can call for a review of your will and other plans.

# What You Can Do About Estate Taxes

Even though estates of \$2 million or less generally escape federal estate tax under current law, an increasing number of people find themselves with estates exceeding that amount. They should thus be concerned about federal estate tax rates as high as 45%.

Charitable giving may help improve your estate tax situation. For example:

- Outright charitable bequests of any size are deductible for federal estate tax purposes and can serve to reduce your taxable estate.

- Certain assets in an estate—real estate, art objects, antiques, rare books, etc.—may be difficult to sell and can cause tax problems. High valuations of such property may force an executor to sell at “distress” prices to pay taxes. Leaving such assets for charitable purposes may eliminate these problems.
- The “charitable lead trust” may also help minimize effects of the estate tax. This tax can erode bequests to children, grandchildren, and other heirs.

## How the Probate Process Works

Knowing something about what happens to a person’s property during the probate process can help you make estate settlement as smooth as possible for loved ones.

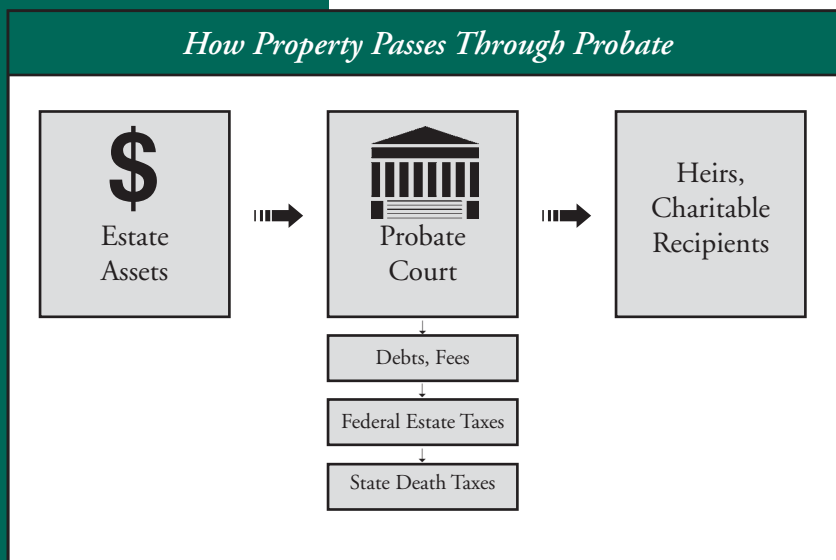
The diagram below outlines the path followed by assets as they’re distributed through probate. Your

attorney or other advisors can elaborate on the rules in your locality.

After payment of the estate settlement expenses (including executor and other fees), any debts owed by the deceased, and state and federal death taxes which may be due, the remaining assets are distributed to individuals and charitable organizations as the will provides.

In the absence of a valid will, the probate court must follow rigid state law requirements for distribution of property. Heirs will receive amounts according to formulas that do not take into consideration how needs of loved ones may differ, and no charitable gifts are possible under these rules.

Assets held in the form of jointly owned property, life insurance, trusts, and retirement plans will typically pass outside the probate process, but may still be subject to estate taxes.



# Special Trust Means Savings for Married People

Married people may be reluctant to make an immediate or direct charitable gift in their wills out of concern for their surviving spouse's well-being.

Thankfully, a popular estate planning tool exists that addresses this concern. Known as a "qualified terminable interest property" or "QTIP" trust, it can be of special interest to married people with taxable estates.

## *The QTIP trust*

To qualify for favorable tax treatment, all of the income produced by property placed in a QTIP trust must be paid to the surviving spouse at least annually for life. If needed, the trust principal can also be used for the benefit of the spouse.

Upon the death of the surviving spouse, the remaining trust principal will pass to the beneficiary named in the trust instrument (typically family, friends, or charities).

When a charitable recipient is named as beneficiary, the estate tax benefits of a QTIP trust are twofold:

1. Due to the "marital deduction" all property funding the trust is free of tax at the death of the first spouse.
2. All remaining trust property passes tax-free to charity from the estate of the surviving spouse.

Thus, there need be no estate tax liability for the estate of either spouse insofar as the property placed in a marital trust is concerned.

The flexibility of this arrangement can offer tremendous peace of mind to those who wish to provide for the financial security of a surviving spouse and help assure the future of a cause in which they believe.

## Defining Terms

**Marital deduction:** A provision in federal estate tax law that allows a married couple to make unlimited tax-free transfers of assets to each other, whether during life or at death.

**Terminable interest property:** When a widow or widower does not have the power to direct the ultimate disposition of the couple's property, such property is known as terminable interest property. Such property usually does not qualify for the marital deduction.

**Qualified terminable interest property (QTIP):** The executor of the estate of the first spouse to die may exercise a special election that "qualifies" terminable interest property for the marital deduction. A condition: Income generated by the property must be paid to the surviving spouse at least annually for life.



Trisha Moslin

As Program Administrator, I oversee the use of grant funds, help program staff keep track of their expenditures, and assist in developing budgets for new projects. As one of the few people who knows what is happening with all of our projects, I feel like I sit in the middle of all the PRB programs.

This is a great role for me, because it combines my background in public health, international development, and business. After completing an undergraduate business degree, I served in the Peace Corps in rural Nicaragua. I moved to DC afterward to figure out how to continue international development work. After working at a land conservation organization and the Woodrow Wilson Center, I returned to graduate school to study public health. My concentration in global reproductive health at Emory University meant that I used PRB data and publications for my school work.

I am glad to be at PRB in this role because my heart is dedicated to reproductive health, my mind is interested in demography, and I just love messing about with financial data.



Jean van der Tak

# Jean van der Tak – Demographer, World Traveler, and Long-time Friend of PRB

My 12 years at PRB—from 1975 to 1987—were the highlight of my career. As editor of *Population Bulletin*, I worked with authors to put their research into laypeople's terms and disseminate it via news releases and media conferences. I also wrote articles for *Intercom/Population Today*.

One particularly thrilling moment came early in my time at PRB. Out jogging one morning and thinking about our upcoming World Population Data Sheet for 1976, I realized that world population would pass the 4 billion mark. I asked the consultant who prepared our data to figure out when that would be. He came up with Sunday, March 28, 1976. We featured that in our lead *Intercom* story for the month and a news release—and hit the whole world. Never mind that the UN Population Division later reckoned that the landmark had been reached months earlier, in November 1975.

My PRB career built on my background in journalism and working with publishing houses in Toronto and London. I got my MA in demography from Georgetown University in 1970, the second to complete the program. Then, I spent a year in The Netherlands where I was a founding member of the Netherlands Interuniversity Demographic Institute. Back home in the U.S., I worked with the planning of the National Survey of Family Growth, and edited and co-authored books for the Transnational Family Research Institute before I came to PRB.

Supporting PRB is important; it is one of the leading institutions making unbiased information accessible with reliable data and research. I'm impressed with its influence and programs, which have greatly expanded from my PRB days.

## PRB

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## Population Reference Bureau's Mission

The Population Reference Bureau informs people around the world about population, health, and the environment, and empowers them to use that information to advance the well-being of current and future generations.

- **Inform.** PRB analyzes complex demographic data and research to provide the most objective, accurate, and up-to-date population information in a format that is easily understood by advocates, journalists, and decision-makers alike.

- **Empower.** Our commitment to putting information into action sets us apart. PRB builds coalitions and conducts workshops around the world to give our key audiences the tools they need to understand and communicate effectively about population issues.

- **Advance.** PRB works to ensure that policymakers in developing countries and in the United States rely on sound evidence, rather than anecdotal or outdated information, when creating population, health, and environmental policies.