

Assets, Individuals and Intentions

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a donor's guide

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ASSETS, INDIVIDUALS AND INTENTIONS A Guide for Benefiting Your Heirs

Most people know that it is important to have a will and an estate plan—even if your “estate” is very small—consisting only of money in the bank, your home, your car and/or life insurance.

In order to finalize your estate plan, you will need to work with an attorney—one who specializes in wills and estate planning—who can help you formulate your intentions and make sure that your estate plan is designed to carry out your wishes. Before you meet with your attorney, however, use this checklist so you can get a clear picture of what assets should be included in your estate plan. This list will also help your attorney draft a plan.

Inventory Your Assets

What assets do you own?

- cash in savings and checking accounts
- stocks and bonds, mutual funds, money market funds and CDs
- real estate (including vacation property), automobiles, jewelry, artwork and other valuables
- life insurance policies on your life
- IRA and other retirement plan assets
- interest in a business, partnership interests, money owed to you by other people, etc.

If you have an interest in a trust that was set up by someone else, you should include that as well.

How are your assets owned?

Are your assets owned in your own name? Jointly with someone else? Do you live in a community property state where your assets are owned as community property with your spouse? Be sure to include the names and addresses of any co-owners of assets on your list.

Where are your assets located?

- Are your stock certificates held in a brokerage account? If so, where is it and who manages it?
- Do you keep your stock certificates in a safe deposit box? If so, where?
- Where is your real estate located?
- Where do you keep your jewelry?
- Where do you keep your insurance policies and other important documents?

What is the value of your assets?

Keep in mind that your estate assets include everything that you own—no matter where these assets are located. It will be important for you to know the value of your assets so you will have an idea of your estate's total value and the value of the assets that you will transfer to your heirs later on.

- Account numbers for savings, checking and brokerage accounts

- Who is the manager of your stock portfolio? Don't forget to list a name, address and account number.
- List the designated beneficiaries of your IRA and other retirement plans, including names and addresses and their relationship to you.
- What is the face value, as well as the cash value, of life insurance policies on your life? What is the name of the insurance company and the number of the policy? Where is the policy kept? List the names and addresses of the beneficiaries and their relationship to you. Are there any outstanding loans against your life insurance policies? If so, what are the amounts?
- If you have a safe deposit box, where is it located? What is the box number? Where do you keep the keys?
- What debts and obligations do you owe? Do you have a mortgage on your home or a loan on your car? Are there credit card or other debts that you owe? Write down the specifics about these obligations: to whom is the debt owed—name and address and number of account, amount of debt outstanding, repayment schedule, etc.

Whom to Include in Your Plans

After you have listed all of your assets and all of your debts, then think about where you would like your assets to go after your lifetime. Make a list of all of your close family members and friends whom you want to remember in your plans. Be sure to include their names, addresses and telephone numbers. List any charitable organizations you want to benefit after your

lifetime: your church, hospital, school, arts organization, service agency, etc. A gift to these organizations through your estate can make a lasting difference.

Think about whom you want to be the executor (or personal representative) of your estate. The choice of your executor is a very important one since that person (or entity) will be the manager of your estate. He or she will have the responsibility to file your will for probate (the legal process of verifying your will), collect and manage all of your assets, pay all of your bills and funeral expenses, pay any estate or inheritance taxes due and, finally, distribute your assets to the heirs that you have designated. Your executor should be someone you trust—someone who can handle business matters and who also will be sensitive to the needs and desires of you and your family. Be sure to talk with this person before your will is finalized to make sure that he or she is willing to serve as your executor.

If you have minor children or other family members with special needs, you may want to appoint a guardian to look after their affairs—someone you trust who mirrors your same values. You will want to name a separate person to handle their financial interests. Again, talk with these individuals before your plans are finalized, to make sure they are willing to serve as a guardian or to oversee financial affairs.

Important Documents

Each state has its own rules regarding estate planning that will determine how your estate plan is drafted. An estate plan, however, will usually consist of the following basic documents.

Will. Your will is a written document, executed in accordance with the formalities required by state law (you must sign your will in front of witnesses, for example) to carry out your wishes at death. Under your will, you can name your executor, name guardians of minor children, do important tax planning for your family and, most important, name the individuals and charitable organizations that will receive your assets after your lifetime. Your attorney will draft your will according to your wishes, and your original will should usually be kept in your attorney's office for safekeeping. You should also keep a copy in your safe deposit box and make sure to let your executor (and family members) know where it is.

Living Trust. You may wish to set up a living trust to protect your assets during your lifetime and to direct where the trust assets go later. To set up the trust, you must transfer assets from your own name to the name of the trustee, who will then be responsible for the management and investment of those assets, relieving you of the daily management responsibilities. The trustee will follow your instructions, outlined in the trust agreement, about how the income and principal are to be distributed during your lifetime and will also transfer the trust assets to the beneficiaries you name after your lifetime. The choice of a trustee is also important, since that person will need to manage your assets for the benefit of you and your family. Your trustee will normally keep the original trust agreement, but you should also keep a copy in a safe place—and notify family members where it is.

Durable Power of Attorney. A durable power of attorney is a written instrument authorizing another person to make decisions for you—usually in business matters—when you are unable to make those decisions for yourself. A durable power of attorney remains effective if you should become ill or incapacitated, but ends at death. You should keep a copy of the power of attorney and the address of the person holding the power with your other estate planning records.

Living Will. A living will is a legal document that expresses your wishes about prolonging your life by artificial or extraordinary measures in the event of serious illness. Although your attorney will draft your living will, you should discuss its provisions with your doctor to make sure that he or she feels comfortable about carrying out its directions. Your doctor should have a copy of your living will with your medical records, and you should keep a copy with your other estate planning records.

Health Care Proxy. A health care proxy is a written document that names the person you want to make medical decisions for you in the event that you are unable to make them for yourself. In essence, a health care proxy is a power of attorney for making health care decisions. Choose the person who will hold your health care proxy carefully since he or she will be making critical decisions for your care if you are unable to do so. Be sure to keep a copy of your health care proxy with your living will and other important estate planning records.

Do keep in mind when you are making your plans that, in addition to remembering family and loved ones, you should consider the charitable organizations that you have been

involved with over your lifetime. You can leave a bequest in your will to one or more of these organizations and your estate may save estate taxes because of the gift. After your lifetime, your gift will be used by the charitable organization for the purposes you specify.

You can also make charitable gifts in other ways that can provide for you and your family, enhance your overall estate plan and help fulfill your philanthropic intentions. One option is for you to set up a charitable remainder trust that will provide income to you (or someone else you choose) for life, after which the trust will end and the trust assets will go to the charitable organizations that you have named in the trust agreement. By making this irrevocable gift, you will be able to achieve important benefits:

- You will be entitled to an income tax deduction for the present value of the future gift to a charitable organization.
- If you fund the trust with appreciated stock you will avoid the capital gains tax on the stock's appreciation.
- If you fund the trust with stock that now provides you with a low income, you may be able to increase your income through the trust. (The trustee can sell the stock in the trust and reinvest in higher yielding assets with no capital gains tax penalty.)
- You can choose the kind of income you wish to receive from the trust: a fixed annual income (an annuity trust) or a variable annual income (a unitrust). By choosing to set up a charitable remainder annuity trust, you will be able to receive a fixed annual income each year from the trust,

regardless of fluctuations in the economy. On the other hand, by setting up a charitable remainder unitrust, you will be able to receive a variable income over your lifetime, hopefully an income that will grow over time if the value of the trust assets appreciate.

- Your trust gift can reduce estate taxes and save probate costs for your estate.
- You will be making an important gift to charitable organizations you care about that can make a meaningful difference for generations to come.

We have presented a brief overview of what is involved in the estate planning process. We hope this brochure will provide you with some background information and ideas to think about before you meet with your own advisors to work out your estate plan.

If you are considering a gift to our organization, we would be delighted to work with you and your advisors to explore the many charitable gift options that can enhance your overall estate plan and benefit you and your family—as well as provide a meaningful gift.

The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are based on current rates at the time of printing and are subject to change.