

Planning Your Estate Is an Act of Your Faith

Effective Estate Planning is an act of life and your faith. It affirms God's hand in all of your life. It affirms our existence as a ~steward" with management responsibilities for assets God has placed in our care.

Estate Planning is an act of expressing what we believe and providing for the ones we love:

- To provide shelter for those we love.
- To provide an education for our children.
- To support what is important to us.

The purpose of this brochure is to provide you with information about various estate planning documents: Wills, Trusts, and Powers of Attorney. It is an attempt to explain in "lay person's language" some options you may utilize in planning your estate, so that you may be more informed when you meet with your attorney.

Purpose of Estate Planning

Estate planning involves arranging your affairs to provide for the orderly management and disposition of our property at the time of disability or after our death.

The primary concerns of an estate plan should include:

- Being sure the right people receive your property at the right time with the proper management.
- Minimizing publicity, expense and inconvenience.
- Minimizing taxes payable on death.
- Making a charitable gift as an act of faith.

Each of the following documents helps to address one or more of these concerns:

Last Will And Testament

A Will is the most basic and common estate-planning document. A Will is a legal document stating how your property is to be disposed of after your death and should be dated, witnessed and signed by you (and is subject to probate).

A Will may be amended as long as the "testator" (you) remains competent. A "Codicil" is an amendment you make to your Will.

Everyone Should Have A Will

A Will is the proper place to:

Name an executor or personal representative who will oversee the disposition of your probate estate.

- Make special gifts to charities or individuals.
- Specify final recipients of property where heirs you otherwise named predecease you.
- Name guardians for your children, to serve if their other natural parent cannot care for them.
- Specify the order of death between you and your spouse if a common accident occurs.

A Will Is Subject To Probate

The Probate Court will determine the validity and meaning of your Will, determine who the named heirs are and approve the payment of creditors and distribution of assets

If you die without a valid Will, your probate property will be distributed through the probate process according to the "intestacy" laws of your state. These laws cover all property ownership passing at death, except property passing:

- By a valid contract without Probate (e.g. life insurance, pensions, or living trust property).
- Automatically by law without Probate (e.g. joint property).

- Under a valid Will with Probate.

The law varies from state to state, but seldom coincides precisely with the decedent's (your) wishes. Tax saving opportunities may also be lost. Intestacy laws do not give any gifts to charities. These problems can be avoided with a valid Will or a Living Trust.

Trusts

A Trust is an arrangement of property where assets are transferred to a trustee, to be managed for the benefit of specified beneficiaries.

The most common estate planning Trust is a ***Living or Revocable Trust***. The same person may set up the Trust (the "Settlor"), manage the property as trustee and be the initial beneficiary.

A Living Trust can be amended at any time by the Settlor while competent. Any assets held in the name of a Living Trust are generally not subject to Probate when the Settlor dies or becomes disabled.

A ***Testamentary Trust*** is included as part of the creator's Will, becomes effective only at death, and is subject to Probate. Such trusts are no longer preferred.

A ***Living Trust*** can provide all the advantages of a Will, plus:

- Property management now or, if preferred, only during disability or at death.
- Probate avoidance.
- Retention of property in trust for a surviving spouse in a manner that avoids federal estate taxes on the property on the property at the death of the survivor (a "residuary" or " unified credit " trust).
- Retention of property in trust after the Settlor's death, to be distributed to the named beneficiaries only when and as the Settlor has specified.

There are several specialized types of trusts in addition to those noted. An ***Irrevocable Life Insurance Trust*** holds life insurance for the creator's beneficiaries, intended to be excluded from the taxable estate of the creator. Such trusts may not be amended after they are created.

Charitable Remainder Trusts are irrevocable trusts established for the benefit of named individuals and one or more charities. Individuals receive income for a period of years or life; the charity receives the remaining property at the end of that period.

A ***Charitable Lead Trust*** provides income to a charity for a period of years; the remainder passes to named beneficiaries at the end of the period involved.

Power Of Attorney

A Power of Attorney is an instrument authorizing another person to act as your agent, signing your name for a specified purpose.

The Power of Attorney may be broad or narrow. A Power of Attorney is not valid during periods of incapacity, unless it is "durable" under local statutes. Without a Durable Power of Attorney, a Probate Court order appointing a guardian would be necessary before a document, such as a deed selling real estate, could be signed on behalf of an incapacitated individual.

Many other documents may be used in the estate planning process. Everyone's estate plan will involve at least one of the documents or arrangements mentioned. Many estate plans will involve them all.

What Should You Do Next?

For additional information about planning your estate including any gifts you may wish to make, contact one of the following Permanent Endowment Committee members, or send an e-mail to pumc@cableone.net.

- Arch Wood - chair
- Jean Canoose
- Ron Hitzel
- Richard Murphy
- Roger Stewart

Or contact our Pastoral Staff

- Carol Mumford 778-1950
- Sara Olson Dean 778-1950

This publication does not attempt to give any legal or tax advice. For advice in specific situations, the services of competent legal, tax, or financial planning professionals should be obtained.