

THE ESTATE PLANNING PUZZLE

What does the term “estate plan” mean? For some people it means just a will, while for others it may mean more.

Estate planning documents

Here are a few documents that may be found in an estate plan:

A **will** directs how you want your property distributed at death. State law governs how wills must be drafted, witnessed and amended. The will is presented to a probate court, which oversees the distribution of assets. A will may not govern the transfer of all property, however (e.g., life insurance, jointly owned property). For those without a will, state law dictates how property is distributed to family members.

A **revocable living trust** is established during your lifetime. Certain assets like investments, home, car and life insurance are transferred to or acquired within the trust, which can be changed or revoked at any time. During your lifetime, there is little difference between owning assets outright or owning them in trust.

After your lifetime, the assets are distributed as directed in the trust, without the oversight of the probate court. Many individuals with living trusts also have simple wills directing that any assets not in the trust be added to and distributed according to the trust’s provisions. A living trust reduces probate costs, allows faster distribution of assets, offers privacy and provides for continued operation of a closely held business.

A **durable power of attorney** names someone to act on your behalf in matters of health care or property in the event of a temporary or permanent disability. The power becomes effective only when certain conditions outlined in the document are met.

A **living will (health care proxy)** indicates your wishes concerning life-sustaining medical treatments in the event you are unable to speak for yourself. You can also name a friend or family member to make such decisions on your behalf under certain circumstances or for a specific period of time.

Which ones do you need?

The documents you need to accomplish your goals depend on the size and complexity of your estate. Your planning needs may change over the years as you acquire additional assets or the needs of family members change.

Only a thorough, periodic review with your attorney will allow you to determine the combination that best meets your needs and objectives. Keep in mind that you can name your favorite charities as beneficiaries in both your will or living trust.

Gifts to charity

There are a number of ways to combine charitable gifts (also known as **bequests**) with your estate plans. Gifts can be made of:

- **A specific amount:** You designate that a particular dollar amount be transferred to one or more charities.
- **Specific property:** You can designate that a particular asset, such as real estate, artwork or other valuables, be used to fund a charitable gift. Such a bequest should be worded carefully, as the assets you own may change over time.
- **A percentage:** A percentage of your estate can be designated for charitable purposes, thus ensuring that your gifts remain in proportion to other bequests.
- **All or a portion of the residue:** You can provide that charitable gifts be made from what is left after all other gifts to loved ones have been fulfilled.

Learn more

If we can provide more information about the charitable aspects of your plans, please contact us.