

# Questions & Answers

## ABOUT ESTATE PLANNING

### Taking Hold of the Future

With an effective estate plan, you can provide future economic security for yourself, your family and for others you care about.

### Answers to Frequently Asked Question

#### Q. What is estate planning?

A. In its broadest sense, estate planning involves making provisions for the present and future management of your property and deciding how you want it distributed after your lifetime.

#### Q. What if I do not make an estate plan?

A. The state where you live has one for you. Your state's plan cannot:

- Provide for your heirs according to their individual needs.
- Take into account who you would have wanted to be the legal guardian of your minor children.
- Provide for special friends or even your charitable interests.

#### Q. How do I create an estate plan?

A. A good place to start is with the **Four Ps**.

- **People.** Who would you like to provide for in your plans? You may wish to include charitable interests.
- **Property.** Make a list of what you own and any income it produces. Include investments, real estate, retirement plan funds and life insurance assets as well as personal property.
- **Plans.** Consider how you wish to provide for the people on your list. Study your property list carefully, matching the needs of each person.
- **Planners.** Your attorney, accountant, financial planner, bank trust officer, etc., can help you. Consider asking your most trusted advisor to help coordinate the process.

## Q. Is a will the only document needed to complete my estate plan?

A. Not necessarily. There are other ways to distribute property.

## Q. What might I need in addition to a will?

A. Another popular way to distribute assets is with a **revocable living trust**. By naming yourself as the initial trustee of your living trust and then naming a successor trustee to manage the trust if you become unable to do so, your assets are managed during your lifetime and then distributed to your beneficiaries, avoiding probate. It is “revocable” because you retain the right to change the terms of the trust.

**Joint ownership arrangements** allow you to own property with others. At the end of one owner’s lifetime, the property passes outside of probate to the survivor.

A **power of attorney** lets you appoint someone to handle your financial affairs if you should be unable to do so. Many people also create a **living will**, which outlines their health care wishes.

It is important to review **beneficiary designations** of life insurance policies, IRAs and other retirement plans because your will and other plans may not affect their distribution.

## Q. How can I make charitable gifts in my estate plans?

A. You can make gifts from funds that remain after taking care of your family’s financial well-being. This can be accomplished through a bequest in your will, a trust gift or naming a charity to receive life insurance or retirement plan proceeds.

## Q. Can I enjoy tax savings and other benefits from making charitable gifts now?

A. Yes! You can make a gift and receive payments for life or another specified period of time. Income tax deductions are allowed for such gifts when completed during your lifetime.

If you fund income gifts with securities that have increased in value over the years, you could reduce and/or delay capital gains tax on the assets. It can also be possible to receive payments free of tax or taxed at lower rates than other income. You enjoy the satisfaction of making a thoughtful charitable gift as well as the benefit of attractive fixed or variable payments and immediate tax savings.

## Conclusion

There is no time like the present when it comes to creating or updating your estate plan. Experience the peace of mind that can come from taking control of the future to benefit those you care about.

We will be pleased to help you and your advisors as you consider the charitable dimension of your plans.