

Excerpts from

Overview

Planning Your Legacy



A Guide to Planning Your Will or Trust

*But lay up for yourselves treasures in heaven,
where neither moth nor rust destroys
and where thieves do not break in and steal.
For where your treasure is, there your heart will be also.*

- Matthew 6: 20-21

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A Guide to Planning Your Will or Trust

These pages contain excerpts from *A Guide to Planning Your Will or Trust*. Ask the parish office or any Vestry Member for a copy of the full, 18-page document.

You may have already taken steps to protect those you love through an estate plan. This guide may be useful as a means of review of what you have already planned, particularly if you wish to make adjustments or additions to your estate plan. For those of you have no such plan, this guide will help you to get started. A plan is important, yet an estimated 50% of Americans don't even have a will. This guide will help you by making the process easy and understandable.

A person may work 40 years to accumulate assets and spend 10 to 20 years conserving that accumulation, but often take two hours or less to plan for distribution of the assets. Through good planning, a wonderful chapter in the book of your life can be completed. However, too many times there has been little planning, or sometimes no planning, and the last chapter in the book of your life can become burdensome for your family members.

This guide is designed to help you move forward with a plan that writes a very good chapter in the book of your life. Through proper planning, the legacy of love and care that you leave for your family and friends can be encouraging and even inspiring. We will show you how to update your estate plan with a will and also make plans for your potential medical decisions.

A Guide to Planning Your Will or Trust is designed to encourage you to think about how you want your assets to be distributed at death and to assist you in gathering the information your attorney will need. With this guide, the process will be much easier, less expensive, and a comfort to your family while fulfilling your desires for family and friends.

What good things can happen with an updated will?

With an updated will, you can transfer specific property or assets. In addition, you will be able to direct the residue of your estate. For those with larger estates, there could be substantial estate tax savings. In addition, you know that the executor or personal representative you select (not the one a probate judge chooses) will be managing your property. A good will is able to carry out your plan and may save your estate thousands of dollars while transferring property quickly and inexpensively to your loved ones or other designees.

What is accidental disinheritance?

All too frequently, the "wrong" persons end up receiving property. An "accidental disinheritance" occurs if you either have no will or the will doesn't function properly. Sometimes a will is unclear and the estate goes to distant relatives or is simply paid to CPAs and attorneys who are representing family members fighting over the estate. You can avoid an "accidental disinheritance" by creating a plan to protect your loved ones and other intended recipients.

The “Right Amount” Inheritance

What is the “right amount” to leave for children, nephews or nieces? Here are three guiding principles for deciding on that amount.

1. Everyone should provide for the needs of his or her family.
2. This means that the inheritance provides a reasonable level of increase in the standard of living for the child, niece or nephew.
3. There are many children who have received an inheritance large enough to cover both needs and wants. An inheritance that covers too many “wants and desires” may lead to unhappiness, greed, and lack of incentive to be a productive person.

Some parents have been careful with their resources and have accumulated a significant estate. How can a large estate be transferred with good results for children. The following guidelines are offered:

1. A larger inheritance will be used more wisely if it is distributed over a longer time and at a later age. A lump sum at one time may be unwise. Many younger children who receive a large inheritance at an early age spend it within 18 months. When asked where the inheritance went they may reply, “Well, I spent it on cars boats and vacations, and wasted the rest.
2. Transfer a larger inheritance over a period of years. A good plan includes a partial distribution of principal when the parents pass away, income for a period of years and a second payout of deferred principal.
3. Set up a target number for the inheritance. The total inheritance can then be designed to pass that amount to a child, nephew or niece. A target number is the sum of the principal and income given through the inheritance plan. With careful thought, the plan can move a substantial amount to family while still permitting your child to learn to know the joy and rewards of work.

Making a Bequest to Saint Luke’s

One way for you to support the mission of Saint Luke’s Parish is to leave a bequest. A bequest is a gift made to a charitable organization in your will or trust. One significant benefit of making a gift by bequest is that it allows you to continue to use the property you will leave to the charitable organization during your lifetime. Another benefit is that by making a bequest you are able to leave a lasting legacy.

The Saint Luke’s Endowment Fund

Saint Luke’s has an established Endowment Fund. The assets of the Fund are invested by the Endowment Committee with the same care, skill and diligence that a prudent person would exercise in investing institutional endowment funds. The primary objective is to provide long-term growth of principal and income without undue exposure to risk.

Some Frequently Asked Questions

1. Why is estate planning more than a will?

A will, and for some persons a trust, is important for the management of your property. Caring for your personal welfare involves creating a durable power of attorney for healthcare and a living will so that you can plan what care you want provided during your final weeks or days.

2. How can I avoid probate?

In many cases, property can be transferred without probate. For example IRAs, insurance policies and some other assets may be transferred through a beneficiary designation. If you are on the title with another person as joint tenant with right of survivorship, under state law property rules the real property will be transferred to the trust beneficiary. Finally, many trusts hold real estate and that property will be transferred to the trust beneficiary.

3. Why should you create a trust for minor beneficiaries?

Receiving property at a young age frequently leads to indulgence and serious problems. If you plan to leave property to minors, it is important to select a trustee to manage the property.

4. Why is selecting a guardian for minor children so important?

The guardian will perform most of the functions of a parent in teaching the child, selecting his or her school, providing ethical or religious education and many other aspects of the child's life.

5. If you have minor children and a substantial estate, should the same person be guardian of your children and trustee of their trust?

If there is a substantial property inheritance for the child, it is quite risky to transfer both the guardianship and the property to the same individual. After the parents pass away and the guardian has control of the property, the temptation to spend income and principal for personal benefit rather than for the care of the child is extremely strong. A better plan is to select another person or commercial institution as trustee to manage the property. The trustee performs an important check and balance role. He or she can also distribute income, and if needed, principal for the benefits of the children.

