

Wills & Trust

Workshop



Synopsis

A Will or Trust is an important tool that allows you to provide for your heirs and charitable interests in an estate plan. The Wills & Trusts Workshop is designed to encourage you to create a plan for how you would like your assets to be distributed once you've passed away. During this workshop, you will walk through the personal planning guide, estate finances, and planning procedures.

THEOLOGICAL FOUNDATION

- 1 Listen to this, all you people! Pay attention, everyone in the world!
- 2 High and low, rich and poor—listen!
- 3 For my words are wise, and my thoughts are filled with insight.
- 4 I listen carefully to many proverbs and solve riddles with inspiration from a harp.
- 5 Why should I fear when trouble comes, when enemies surround me?
- 6 They trust in their wealth and boast of great riches.
- 7 Yet they cannot redeem themselves from death by paying a ransom to God.

THEOLOGY FOUNDATION

- 8 Redemption does not come so easily, for no one can ever pay enough
- 9 to live forever and never see the grave.
- 10 Those who are wise must finally die, just like the foolish and senseless, leaving all their wealth behind.
- 11 The grave is their eternal home, where they will stay forever. They may name their estates after themselves,
- 12 but their fame will not last. They will die, just like animals.
- 13 This is the fate of fools, though they are remembered as being wise.
- 14 Like sheep, they are led to the grave, where death will be their shepherd. In the morning the godly will rule over them. Their bodies will rot in the grave, far from their grand estates.
- 15 But as for me, God will redeem my life. He will snatch me from the power of the grave.
- 16 So don't be dismayed when the wicked grow rich and their homes become ever more splendid.
- 17 For when they die, they take nothing with them. Their wealth will not follow them into the grave.
- 18 In this life they consider themselves fortunate and are applauded for their success.
- 19 But they will die like all before them and never again see the light of day.
- 20 People who boast of their wealth don't understand; they will die, just like animals.

THEOLOGY FOUNDATION

In this Psalm, three things are underscored in Psalm 49:10-12:

- 1. The Reality of Our Mortality. Closing our eyes to something uncomfortable doesn't make the reality disappear. Even devoted people of faith can be apprehensive about discussing it. But Psalm 49:15 introduces hope for the righteous which reframes the conversation.
- 2. The Recognition that the Wealth we amass will be left behind. Even the memories of our success will be forgotten (Psalm 49:18-20)
- 3. The Responsibility of Wisely Stewarding our Resources toward future generations and things of eternal significance.

There are 58 uses of the word "Inheritance" in the Bible. In the Old Testament, it is largely in reference to God giving Israel an inheritance of land, and in the New Testament, of God giving his children an eternal inheritance in heaven.

God models the behavior he expects from us!

- Psalm 17:14
- Proverbs 13:22
- Ecclesiastes 6:1-6

GETTING STARTED

What is Estate Planning? Two Definitions:

"Estate planning is the accumulation, management, conservation and transfer of wealth considering tax, legal and personal objectives. The goal is the efficient transfer of assets."— Dalton and Langdon

"Estate planning is the effective transfer of an appropriate amount of financial assets to succeeding generations of family in a way that will improve their life course."

-Charles Collier

Specifying what you want to happen to your estate after you pass can create peace of mind for your family when they need it most. If you pass away without a will or trust, the court system may be responsible for dividing your estate and determining who receives those assets. Estate planning can be stressful for families, but the investment of time now can prove to be beneficial later on.

The Process Should Begin with These Three Questions:

1	What financial resources do I have and/or expect to have? (Discovery/Asset Inventory)				
~	How much do I want to leave my children? Or, how wealthy				
2	do I want my children to be?				
3	What do I want to do with what remains?				

GETTING STARTED

Embedded in these questions are additional considerations to think about, such as:

- 1. What are my values and how will my values be transferred?
- 2. How much do I give my children and when should they receive it? (Lump sum? Graduated? Delayed?)
- 3. Do I need to consider divorce, addiction, or disability?
- 4. Are there other concerns I need to protect against?
- 5. Will my inheritance help or hurt my children? Will it demotivate them from making their own way in the world?
- 6. Are there ways to prepare my children to receive a large sum of money?
- 7. How and when will I communicate my plans to my children?
- 8. Do I have an objective trusted advisor to help me think through these topics?
- 9. Is there a way to give some now that can reduce my tax liability?

WILL? TRUST? OR BOTH?

WILLS

A will is a legal document that allows you to name someone, called an Executor, to manage your estate after you pass. Your will can be as broad or detailed as you like and you may be able to name specific beneficiaries to receive certain assets. These documents can be helpful for those with relatively straightforward estate plans, and they may be good starting points for others.

If you only have a will, your estate may still have to go through probate. Probate is a court-supervised process that oversees the transfer of assets when you die and protects the rights of your creditors and beneficiaries. Some people may plan for their estate to go through probate as it provides a standardized process and court supervision.

LIVING TRUSTS

Trusts can be expensive and complex, but at their most basic, they are legally binding, written agreements designating someone to be responsible for managing your financial assets and establishing beneficiaries of trust assets. Many people hire lawyers with detailed knowledge of state laws to draft their trust documents. Even if you have a will, a trust can be beneficial in that it can help avoid the potentially expensive probate process. A living trust can serve as a substitute for a will, though you may need a will to transfer assets into the trust upon your death.

To pass assets to your heirs via a living trust, you first transfer assets into a trust for your own benefit during your lifetime. You can select trustees, and if the trust is revocable, can make alterations as you see fit. Living trusts are not usually exposed to public record, which can make it more difficult for anyone who challenges the handling of your estate.

The goal of the living trust is to protect assets from "predators and creditors." If heirs are not involved or communicated with, trusts can produce resentment and animosity from the children, thus becoming a burden and not a blessing.

CHARITABLE ESTATE GIVING

CONSIDERATIONS

1. IDENTIFICATION

Supporting your charity(ies) or church can be an important part of one's legacy. You've invested in important things throughout your life. What happens when you are gone? Will the need remain? Will your support be made up by others? Or would you like to continue your support through your estate?

For those considering their church or charity through their estates there are generally three main ways to do so upon your passing:

- a. You can make an outright gift where the charity receives a lump sum. These can be restricted to a particular segment of the charity or given for operational needs or for capital improvements.
- b. You can provide ongoing support through establishing an endowment fund where the principle of the gift is held for a period of time and a small percentage is directed to the cause annually. This ensures your financial support in a way that is consistent with your current giving.
- c. You can do a combination of both an outright gift and an endowment

In thinking through your church, charities and causes you will like to include, how would you wish to support each? In each of the above strategies you can prescribe either a set dollar amount or a percentage.

2. LEGACY OVERSIGHT

With legacy planning comes oversight, involving people in various roles and responsibilities.

TRUSTEE

If your estate plan includes assets to be held in trust and distributed over time, you will need to appoint a trustee. Your trustee is responsible for the proper administration and tax reporting for the trust, as well as ensuring that the trust assets are distributed for the purposes you have expressed within your trust document. A general understanding of legal, financial and tax matters is required for the trustee. As with executors, naming a family member or close family friend as your trustee places them in the middle of family wealth and can lead to long lasting and unwanted relational conflict. Again, your financial advisor or attorney may have some trusted third party professional options for your consideration.

TRUST PROTECTOR

A new and popular way for involving a family member in your trust, without burdening them with the responsibilities of being a trustee, is to name them "trust protector." A trust protector oversees the trustee often including the power to replace the trustee, while avoiding the relational issues that can arise when a family member or friend occupies the role of trustee. Responsible family members, trusted friends, or your estate attorney are common choices for the role of trust protector.

FINANCIAL MANAGEMENT

Financial advisors are often in the best position to know family history and understand legacy intentions. For that reason, trust creators often desire the ongoing involvement of their financial advisor once assets have passed into a trust. As the trust creator (grantor), your trust can specifically direct a trusted advisor or financial institution who will be responsible for management of your trust assets.

Who might you consider to be Trustee?
Secondary or Successor Trustee?
Who might you consider to be the Trust Protector?
The Successor Trust Protector?

MENTOR In Loco Parentis

Some families utilize a trusted advisor to serve as a mentor to the heirs, especially if they are younger. Mentors can help tell and retell the family stories that keep the legacy and values transferred to later generations. They can also serve as educators to help understand their newly acquired wealth in light of those values.

3. LEGAL DOCUMENTS

The following list is a summary of the legal documents that you will need to have in place. Each has a purpose with respect to your overall estate plan.

- a. Last Will and Testament Identify your personal representative(s)
- b. Memorandum Disposing of Tangible Property Identify any specific personal property to be given to individual beneficiaries (e.g. jewelry, art, heirlooms)
- c. Family Living Trust Identify Trustee or Co-trustees
- d. Outright Distribution to Designated Beneficiaries list specific bequest amounts or percentages of the estate
- e. Irrevocable Trust(s) for Individual Beneficiaries list specific amounts or percentage of estate to fund the trust and include Trustee (or co-trustee), income beneficiary(ies), and remainder beneficiary (ies).
- f. Charitable Trust or Gift Agreement list charities to benefit if now known, Trustee (or co-trustee)
- g. Durable Power of Attorney for Health Care Decisions Identify individuals authorized to make health care decisions on your behalf.
- h. Directive to Physicians (DNR) Identify if you want to be revived if possible, or not.
- Power of Attorney for Asset Management Identify individuals(s) authorized to handle your personal finances if you are unable.
- j. Pre-Planned Funeral Arrangements determine the final disposition of your body upon death. If a veteran, know the location of your DD-214.

4. BEQUESTS

Bequests are gifts that are made as part of a will or trust. A bequest can be to a person, or it can be a charitable bequest to a not-for-profit organization, trust or foundation. Anyone can make a bequest - in any amount - to an individual or charity.

There are four types of bequests, with many wills containing more than one:

- 1. General Bequests: Gifts of property taken from an estate's general assets.
- 2. Demonstrative Bequests: Gifts that come from an explicit source, such as a particular bank account.
- 3. Specific Bequests: Gifts of property, like a painting, jewelry, car or cash.
- 4. Residuary Gifts: Gifts made after all debts and expenses have been paid and other bequests are made. These are typically a percentage of the remainder, or in some cases a share.

Charitable bequests can fall into any of these four categories. One common approach is to leave specific or demonstrative bequests to family members or other individuals and then leave a residuary charitable bequest to a charitable organization.

These bequests can be directed to private foundations and charities that sponsor a donor advised fund program, allowing the bequest to become an ongoing means of financial support. That way the individuals get the exact amount or items you wish to leave them and the charity gets the funds that remain.

Separate from a will, you can designate residuary gifts from an insurance policy or annuity, where the policy holder receives benefits during their lifetime and then gives the remainder of the policy to family, friends and/or charitable recipients.

5. CHARITABLE GIVING VEHICLES

- a. Assignment of Beneficiaries for Life Insurance and Retirement Plans such as IRA's.
- b. Charitable Remainder Unitrust (CRUT)
- c. Charitable Gift Annuity
- d. Charitable Remainder Trust
- e. Real Estate
- f. Business Interests

OUTRIGHT GIFTS OF NON CASH ASSETS

INSTRUMENT	INCOME TAX	CAPITAL GAINS TAX	ESTATE TAX
Real Estate	✓	✓	✓
Appreciated Securities	✓	✓	✓
Personal Property	✓	Depends	✓
Retained Life Interest	✓	✓	✓

CONCLUSION

There are three benefits to estate planning:

- 1. Peace of mind. Making difficult decisions today will yield the benefit of internal peace tomorrow.
- 2. Provision for you and your family, giving the right way at the right time at the lowest cost, allowing you to obtain your objectives and goals for loved ones and causes you care about.
- 3. Protection for you, your family, and your assets

MortarStone helps you make the financial decisions that fulfill your God-sized calling and vision. Let's schedule a time to discuss your plans, scan to choose a meeting -



Appendix

ESTATE PLANNING CHECKLIST



ESTATE PLANNING DOCUMENTS - 4 STEPS

There are four basic steps in the estate planning process.

1. Write Down What You Own

It is important to understand what property you own and what property will be transferred through your estate. You can use this Wills Guide to help you with this process.

2. Work With an Attorney

There are many knowledgeable estate planning attorneys. Bring with you to your meeting items on the checklist (see next page). Feel free to ask the attorney questions and to talk about your goals.

3. Know How Property is Transferred

Some property is transferred by will and some is transferred by a beneficiary designation or other form. You need to know how your property will be transferred in order to avoid an accidental disinheritance. With a good plan, your property may be transferred as you desire. Your attorney can help you with this process.

4. Sign Your Will and Medical Directives

Finally, it is important to sign the documents that correctly express your will and desires, both for your property and for your potential future personal care.

Separate from a will, you can designate residuary gifts from an insurance policy or annuity, where the policy holder receives benefits during their lifetime and then gives the remainder of the policy to family, friends and/or charitable recipients.

ESTATE PLANNING DOCUMENTS - CHECKLIST



Personal Information

Provide all personal information related to your household: contact information, marital status, divorce/multiple marriages, children, employer, citizenship, etc.



Executor Information

Provide all information as it pertains to your elected executor or manager of your estate, guardian for minor children, financial power of attorney, and healthcare representative.



Estate Finances

Provide all financial information for your real estate holdings, bank accounts, investments, personal property, and electronic assets.



Research Will Types

Come informed to your meeting with information on the type of will you are considering. Will examples include: a simple, will and trust for minor children, or will with "give it twice" trust.



Determine Inheritance Amounts

What is the "right amount" to leave for children, nephews or nieces?



Estate Planning Information

Provide a list of how you would like to dispose of personal property and beneficiary designation gifts.



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