

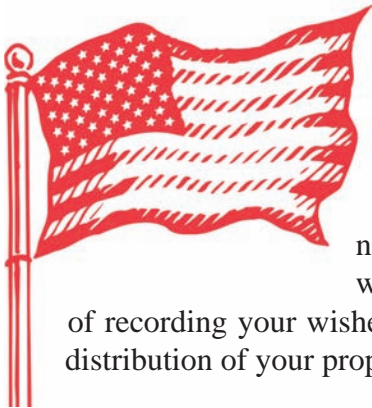
Building

LEGACIES

Financial & Gift Planning Ideas from
your United Methodist Foundation

Fall 2006

Speak Your Mind Through Your Will



As Americans we hold dear the right to speak our minds. Unfortunately approximately half of all Americans do not have a valid will. A

will is the best method of recording your wishes regarding the future distribution of your property.

What happens without a will?

Without a will or other legal arrangement in place to distribute your property, state laws take over. Added administration costs, delays and arbitrary, impersonal distributions of property can result. Having a will is speaking for yourself. Speaking for yourself will avoid these problems.

Formalize your wishes

Your last will and testament can direct outright distributions of cash, stocks, real estate and personal

property. It may also contain trusts that provide for management of property for your heirs. Your charitable gifts may also be included.

Revocable living trusts can hold and manage property during your life as well as distribute it at death. You can make virtually the same distributions through a trust as you can through a will, including charitable gifts. Also, probate may be avoided and your privacy is maintained. Provisions of a will and living trust should be carefully coordinated if you have both.

Life insurance and retirement accounts can make up a large share of an individual's assets. Payments to designated beneficiaries usually pass outside the probate process.

Gifts from life insurance and retirement plan assets may also be made to nonprofit organizations as well as loved ones.

Your Will Can Make a Difference

Take a moment and think about your family, friends, church and your favorite charities. Have you made a difference in their lives? If you were not here, what would be different? In the same way that you are making a difference now, you can make a difference in the future.

Making your will may be one of the most important acts in your life. Your will provides for the disposition of your lifetime accumulations. You can choose to provide for the future of your loved ones and strengthen the institutions that have meant the most in your life.

Making a will that remembers the church acknowledges your love for God and helps further His work. This is a way to show your thanks for the bountiful blessings you have received in your lifetime.

STORY INSIDE: Passing Through Probate Court

A well-planned will can serve all your estate planning needs.

A well-planned will can help you minimize or even avoid federal estate tax.

A well-planned will can provide a charitable legacy that reflects your lifetime of commitment.

Right and Responsibility

Gifts by will can be a great source of satisfaction and may actually enhance estate plans. So why do people neglect the right and responsibility of making their wills and other estate plans?

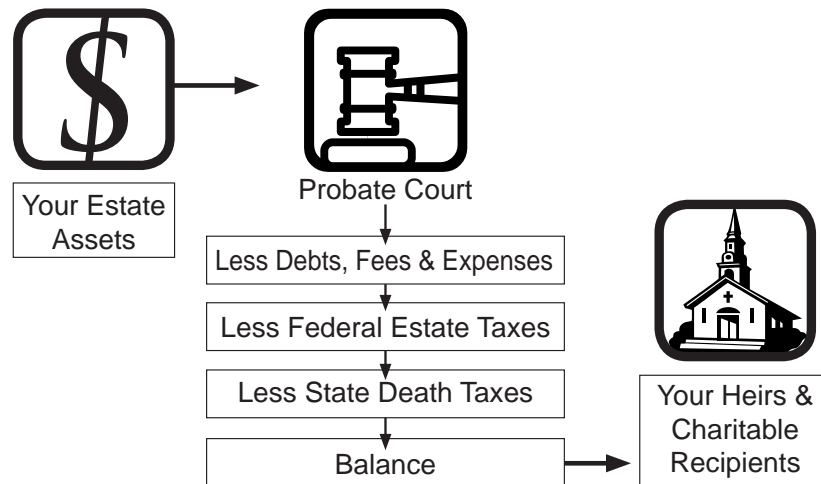
Some believe they are too young, they don't have enough to call an estate, or that it will cost too much. Most often, however, estate plans simply get lost in the shuffle and are put off until it's too late.

You are never too young to start your estate planning. If you have a home, car, savings accounts, stocks, bonds, life insurance policies, furniture and collections or just a few of these, you have an estate. You need a will.



In the absence of a valid will, state laws distribute property in specified portions among relatives, regardless of what your wishes may have been.

Unfortunately, these "laws of descent and distribution" serve as wills for over half of the American population.



Passing Through Probate Court

Rigid state laws are followed for the distribution of your property when there is no valid will. First, payments are made to estate settlement expenses (including executor and other fees), any debts owed by the deceased and state and federal death taxes, which may be due. Then heirs will receive amounts according to formulas that do not take into consideration your wishes or the needs of loved ones and no charitable gifts can be made.

Assets held in the form of jointly owned property, life insurance, trusts and retirement plans will typically pass outside the probate process, but usually are still subject to estate taxes.

Knowing what happens to a person's property during the probate process should help you make the decision to have a will. The diagram above outlines the path followed by assets as they're distributed through probate. Your attorney or other advisors can elaborate on the rules.

Review your estate plans from time to time.

Question & Answer Section

1. Doesn't joint ownership make a will unnecessary?

No. That's a common misconception. Joint ownership may create needless estate taxes and may result in gift taxes being due. It may also deny you complete control over your property while you're still living. Joint ownership is a poor substitute for a will yet may work well in conjunction with one.

2. Should both husband and wife have wills?

Yes. It's important that each has a will, even when the two wills are essentially the same. The wills should complement each other and take into account any special bequests to other family members.

3. What is the "unlimited marital deduction"?

A husband or wife may leave all property to his or her spouse and pay no federal estate taxes on the estate. In your will, you can take advantage of the marital deduction and eliminate taxes in this manner. (Be sure to talk with your advisors, however, about ways your will and other plans can serve to reduce or eliminate taxes on the estate of the surviving spouse.)

4. Can I write my own will without hiring an attorney?

You can, but it's generally not advisable. Many "homemade" wills are declared invalid by the courts. There is no substitute for the professional expertise of a competent attorney.

5. Can I name my spouse as personal representative?

You can. Or a close relative, friend or the trust department of a bank or other professional fiduciary may be named. Ask your attorney or other advisors for guidance.

6. What happens if my personal representative dies before I do and I have not named an alternate?

The court appoints an alternate administrator, who may not be the one you would choose. Naming an alternate representative, preferably younger than you, is a good idea. The trust department of your bank may be a good choice to act as representative, because it should always be able to serve.

Consider these professionals to assist you in planning your will:

- attorney
- accountant
- bank trust officer
- life insurance professional

Philanthropic Wishes

Charitable bequests have a place in the wills of those who wish to lend support beyond their lifetimes. Giving by will can be a flexible way for you to participate in the future after your family's needs have been met.

You May Need to Change Your Will

Keeping your will up-to-date can be as important as preparing it in the first place. You may need to change your will if:

- You move to another state
- Your executor cannot serve
- Your financial circumstances change
- Your marital status changes
- You desire to provide for your children differently
- You wish to name a different guardian for your children
- You acquired real estate in another state
- Charitable interests have changed
- Tax laws have changed
- You no longer own property mentioned in your will

Your will can be a vehicle to make a charitable gift in memory of a special person.

"Four P's" of Estate Planning

To help stay on track, consider the "Four P's" when you are going through the steps of setting up your will.

Persons

Who are the people and charitable interests for whom you would like to provide?

Property

List all of your property, in whatever form, along with its current market value, and the way it is owned.

Plans

Consider how you would like to "match" your property with the persons in your life.

Planners

List all professional advisors who will assist you in making your plans a reality.

Will You Leave a Legacy?

What will be your legacy after your life on earth is completed? How will you be remembered? Will a bold statement be made about you and your life values?

Leaving a gift that provides support to your church and other important ministries is a way to create your legacy. A gift by will can create a legacy fund to support ministries in your name.

To Get Started with Your Estate Planning

Complete the enclosed card and return it to the Foundation or call us toll-free at (866) 669-2327.

You are under no obligation by requesting this information.

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Get Started on a
New and Exciting
Stewardship Adventure



Our Mission Statement

"The Foundation seeks to serve God by assisting agencies, churches and members in promoting stewardship of acquired assets, building of endowment funds, and administering entrusted funds for mission and ministry."