

Building

LEGACIES

Financial & Gift Planning Ideas from your
United Methodist Foundation

Spring 2007

The Benefits of Estate Planning

The uniqueness of your “estate plan” should reflect your life. Your plan will demonstrate your lifetime’s accomplishments, your plan for the future and your desires to share your values and beliefs.

When you look at the whole picture, estate planning includes the process of accumulating, managing, and distributing property over the course of your lifetime.

Are you considering your estate plan for the first time or are you reviewing the ones you already have in place? In either situation, you will need to identify your objectives and take realistic approaches to achieve them to avoid hazards along the way.

Knowing where to begin, what to look for and what you might expect can help turn this challenging task into an effective plan.

We are offering you the “*Better Estate Planning*” booklet to help personalize a plan for your future financial security and your loved ones. To receive this free booklet, fill out the reply card and return it to the Foundation.

ESTATE PLANNING Quiz

We invite you to try your hand at this quiz. The results may be helpful and enlightening as you consider your long-range estate planning.

Do you
have an
Estate
Plan?

“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.

Plan

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 plan a reality.

INSIDE: Test Your Estate Planning Knowledge

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

Review your estate plan from time to time.

Do you consider yourself a beginner or an expert at estate planning? This Building Legacies newsletter will test your knowledge of this very important subject.

ESTATE PLANNING

Quiz

Q. Approximately what percentage of Americans die without a will?

- a. 10% b. 30% c. 50% d. 70%

A: (d) 70%. It is surprising that the majority of Americans die without executing a valid will.

Q. If I die without a valid will, who will my assets pass to?

- a. A surviving spouse, if married
b. Children
c. State and/or federal government
d. **Beneficiaries determined under state law**

A: (d) Beneficiaries determined under state law. If you do not make a will, your state has its own laws that determine how your assets will be distributed.

Only certain relatives will share in the assets. You must make specific provisions if you want assets to pass to friends or favored charitable organizations.

Q. Does my will control the distribution of all my assets?

- a. Yes b. **No**

A: (b) No. Your will may not control the distribution of real estate, personal property investment accounts, IRAs, other retirement assets or life insurance. It only controls the distribution of what are known as “probate” assets. These are assets that are not effectively disposed of by other means.

Q. Do I need a will if I own my assets jointly and/or if the distribution of my assets is determined by beneficiary designations in retirement plan, insurance policies, trusts, or similar documents?

- a. Yes b. No

A: (a) Yes. There is a host of potential problems in relying on beneficiary designations only.

The joint owner(s) may predecease you. In this case, absent a will, the property will pass under the laws of intestate succession of your state.

Also, your intended beneficiary may not survive you. In this case, you may want assets that would have passed to that person to be redirected to someone else.

Q. Who should I list as beneficiary of my IRA or other qualified retirement plan upon my death?

- a. My spouse
b. My children
c. A charity whose work I support
d. **It depends on your objectives**

A: (d) It depends on my objectives. Your choice of beneficiary should fit with your overall estate plan, but there can be significantly different results depending on the person or charitable organization you choose. For example, you can get a marital estate-tax deduction for the value of any such assets left to your spouse.

If your estate plan include provisions for charity, retirement-plan assets are a wonderful choice to fund your gift. If you leave those assets to a nonprofit organization because of its tax-exempt status, the income-tax liability will be avoided. This ensures the full use of the funds you donate and is more tax-advantageous for your loved ones to whom you can direct other assets.

Q. What does estate planning refer to?

- a. Maximizing your assets during your lifetime
- b. Reducing taxes both during life and at death
- c. Planning for the orderly distribution of your assets to your intended beneficiaries
- d. All of the above

A: (d) All of the above. Estate planning is a comprehensive process that addresses important needs and represents your values at each stage of your life. Typically, the process includes strategies to build your assets to the greatest extent possible and to reduce the amount of income taxes you pay each year within the scope of your overall personal, family and charitable objectives.

For many of us, supporting important charitable causes during lifetime and at death is an important goal. The benefits, in terms of both personal satisfaction and tax savings, often make personal philanthropy an important part of estate planning.

Q. I already have a will, have I addressed all estate-planning issues?

- a. Yes
- b. No

A: (b) No. A will only addresses what will happen to your assets when you are gone—and even then it may control the distribution of those assets far less than you may think. Good estate planning requires creating a plan for managing and maximizing your assets during your lifetime, as well as distribution of your assets upon your death. Consulting with trained professionals may be helpful.

Don't Panic

You can accomplish your goals one step at a time.

1. Review your will (or trust) and make necessary changes, or execute a will (or trust) if you don't already have one.
2. Make sure the beneficiary designations in your life insurance policies, trusts or retirement plan are consistent with your goals.
3. Analyze investment accounts to make sure your investments are appropriate for your current objectives.
4. Consider life-income gifts to meet your current or future cash-flow needs and those of other intended beneficiaries.

Q. Do I really need to have an estate plan?

- a. Yes
- b. No

A: (a) Yes, you need an estate plan regardless of the amount of your net worth. Many people think estate planning is an exercise for the wealthy. For 2007, there is an effective exemption of up to \$2,000,000 of taxable transfers for federal estate-tax purposes.

However, it may be just as

important for those with smaller estates to plan to maximize the goals that can be achieved with fewer resources.

Q. When should I begin my own estate-planning process?

- a. Immediately
- b. When I get married
- c. When I have children
- d. When I retire

A: (a) Immediately. Estate planning is a dynamic process. In many ways it is ongoing, changing as your family circumstances and your goals and objectives change. The best time to start planning is right now, based on your current circumstances and objectives.

How much do you know about Estate Planning?

A well-planned will/trust can serve many of your estate planning needs.

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

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

Consider these professionals to assist you in planning your will/trust:

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

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Estate Planning for Today's Women

The times that we live in has increased the importance of women having a valid estate plan, including an up-to-date will. Women are living longer and have more personal assets than ever. These factors make leaving the future to chance far too risky.

Trusts and other planning tools are continuing to gain in popularity and may achieve some of the same long-term objectives; but a will is the foundation of a sound and effective long-range financial plan.

A single woman needs to plan carefully because without a will or trust, her probate estate automatically goes to her "closest relatives" as defined by state law. A will can instead specify which relatives you want to receive your property, and it allows you to name non-family beneficiaries as well.

The spouse of a woman owning property (outright or jointly) may incur probate expense, federal estate

taxes and state inheritance taxes.

A properly drafted will or trust may help make it possible to pass all property to a surviving spouse free of tax.

When a woman has hard-to-value collections, art objects and heirlooms with sentimental value, a state court may require that all property be sold. The guidance of a will or other legal document will insure distribution of the property as you intended for your heirs.

When a woman's marital status changes, it is important for her to review her estate plan. A woman's distribution plan may change as her marital status changes.

A charitable bequest in your will serves as an enduring testimonial to your values and concerns.

We would be happy to send you "*Estate & Charitable Planning for Today's Woman*" upon your request. Check the appropriate box on the reply card.

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.

Get Started on a New & 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."