



## Preparing Your Will

### **A brief guide to what you should know before meeting with your attorney**

Writing a will that takes into consideration all the legal possibilities is no more a do-it-yourself proposition than performing your own appendectomy.

You should consult an attorney to draft a will that: (1) distributes your property according to your precise wishes; (2) minimizes taxes; (3) cares for the special needs of particular beneficiaries; and (4) minimizes costs.

As you prepare to visit with your attorney, consider the following questions:

*What assets do you own? Which assets do you own jointly with your spouse or others?*

*Who should receive which assets? Should your beneficiaries receive the assets outright — or do you want to place some assets in trust to protect the asset and the beneficiaries?*

*Do you wish to make any charitable bequests?*

*Who should serve as your executor and/or trustee?*

*Who will be the guardian for any minor children in case both you and your spouse are deceased?*

*If you become incapacitated during life and cannot manage your assets or care for yourself, what arrangements should be made?*

Your attorney will ask you to consider a number of options for how your will should be drafted. Your attorney may send you a checklist of information needed prior to your initial meeting.

### **REVISING YOUR WILL**

Even with a will, failure to revise it periodically means that it may not reflect significant changes, such as the birth of a child or grandchild, the loss of a loved one, divorce, remarriage, or a major change in financial situation. Indeed, some of these changes could automatically invalidate an existing will. For example, in many states divorce invalidates both spouses' existing wills. As a general rule, you should review your will every two to three years. But in the event of a significant change in your



personal or financial situation, your will should be reviewed immediately upon the occurrence of the event, if not before.

## **THE IMPACT OF THE FEDERAL ESTATE TAX**

An important reason for having an up-to-date will is to minimize the amount of federal estate tax assessed at the time of death. If your estate is subject to tax, the federal estate tax can be as much as 40% of the value of your estate. Yet precautionary measures can minimize or even eliminate the estate tax.

*Example: Bill provided that his wife, Natalie, receive his entire seven-figure estate at the time of his death. At the time of her subsequent death, Natalie's estate could be assessed a federal estate tax of more than \$1 million. It is therefore not advisable to depend solely on the marital deduction to protect against a potential estate tax.*

A useful method for helping to protect assets from taxes, while providing financial management for your surviving loved ones, is to establish trust arrangements through your will. You can arrange for trusts to support your minor children and then have the assets pass outright to your children when they reach a specified age. A marital trust can be created to provide for your surviving spouse—and then additional beneficiaries once your spouse is no longer living. Such an arrangement can help protect the assets from an estate tax assessment.

## **TAX-WISE OPTIONS FOR CHARITABLE GIFTS THROUGH YOUR WILL**

One of the best ways to save on federal estate taxes is to provide for a charitable bequest in your will. Tax laws favor those who are charitably inclined. A bequest in your will which remembers us or another charitable institution or organization is fully deductible for federal estate tax purposes. More importantly, you are providing meaningful support for all that we do.

An **outright charitable bequest or devise** can be of money, stocks, bonds, real estate, or other assets. We would be named in a separate item of the will to receive a specific dollar amount or a percentage of the estate. Or, we could be named to receive "x" number of shares of stock, a particular piece of real estate, etc. The bequest may be made unrestricted or for a particular purpose. It could specify whether the funds may be currently expended or whether a permanent endowment is to be created, with only the income to be used on an annual basis.

In a **residual bequest**, we would be named to receive all the rest, residue, and remainder of your estate after provision has been made for your heirs.



You may prefer a **contingent bequest** which generally provides for us only if others named in your will are not surviving.

It is also possible to be charitable and provide for surviving loved ones at the same time. Individuals may provide for the creation of a **unitrust or an annuity trust** in their will to provide for lifetime income to named individual beneficiaries, such as a surviving spouse or surviving children. Thus, we would not receive the funds immediately upon death, but only after the death or deaths of the life income beneficiaries named.

*Example: Sam Smith creates a testamentary charitable remainder unitrust by providing in his will that upon his death a trust be created with the following provisions: Six percent of the fair market value of the assets in the trust, valued annually, will be paid in quarterly installments to his wife Trudy for her lifetime. When Trudy dies, the trust assets will be transferred to us. Such a trust can save significant estate taxes for certain individuals.*

Another charitable estate planning option is simply to provide for us in a **codicil** (an amendment to your will). A codicil is a separate document that can add, subtract, or modify a will provision — including a provision for a charitable bequest. Thus, you could provide for us without having your entire will redrafted.

## **FOR ADDITIONAL INFORMATION**

The information in this brochure is necessarily general in nature. Since it cannot discuss all the ifs, ands or buts, do not rely on it for your individual estate planning. Consult with your attorney on how this general information applies to your situation. We do hope that while you are developing your estate plan you will consider us to be a potential beneficiary.

For questions or more information on planned giving options, please contact Nanon Morrison, Chief Development Officer at [NMorrison@lionslighthouse.org](mailto:NMorrison@lionslighthouse.org) or 770-738-4660 Ext : 302.