

Six Steps to an Effective Will



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The mission of CFMC is to connect donors and their charitable giving with our evolving community needs in order to enhance quality of life for current and future generations through impact grant making.

The Foundation of Estate Planning

A will is a legal document designed to distribute your estate when you die. While it is practical, it can also be personal, reflecting your life values and concern for loved ones. Without a will, the state determines how your assets are divided—most likely not the same division you would choose.

Whether your will is simple or complex, you can make it more effective with the following six steps.

Step 1—Act Now

If you do not have a will, or if you haven't reviewed your will in the past few years, plan to visit your attorney. Without a valid, up-to-date will:

- Your spouse may not get as much as you expect (in many states, the spouse and children will each take equal shares of the estate under state law).
- A child or other relative with special needs will not be given any special financial consideration.
- Meaningful heirlooms or other belongings will not automatically go to their intended recipients.
- The court-appointed guardian for any minor children and/or children with special needs may not be the person you would have chosen.
- The court-appointed estate administrator will likely not be the person you would have chosen.
- Estate administration becomes more difficult without clear direction, allowing fees to accumulate and shrink the total estate.
- If you have no heirs and no will, the state can end up with your entire estate.
- For larger estates, you forgo the chance to implement measures to reduce any potential estate tax.
- You will lose the opportunity to direct assets to those charitable organizations you would like to acknowledge and support as part of your legacy.

Don't let procrastination keep you from properly providing for your loved ones—decide to act now.

Step 2—Think About Your True Objectives

Making decisions about how to dispose of estate assets is not always a simple matter.

A husband may think, “I want to leave everything to my wife.” Upon reflection, however, he may realize he has broader objectives—not only to provide lifetime financial security for his wife, but perhaps donate to a charity, leave gifts to his children, and so forth.

Determine your real objectives before you consider how you’d like to go about making distributions. Take time to think about how you want your assets to be distributed and what you expect to accomplish with these distributions. For example, it’s common for individuals to want to:

- Provide lifetime financial security for a spouse, an elder dependent, or a child with special needs
- Arrange financial support for children
- Assist grandchildren in paying for their educations
- Leave a gift to memorialize a valued friendship
- Stipulate that specific items (a piece of jewelry, an antique desk, a painting, a coin collection, a car) go to particular people
- Make charitable gifts that will shape the future of society or the community

There are other questions to consider as well. For example, what happens if a beneficiary predeceases you? Or what if you and a beneficiary die in a common disaster? Your attorney can help you answer these and other questions that will determine how your will should be executed.

Step 3—Make an Inventory of All Your Assets

A detailed inventory of all your assets is essential when planning a comprehensive will.

Be sure to note everything you own or have an interest in: life insurance, retirement accounts, stocks, bonds, mutual funds, bank accounts, jointly owned property, real estate, and collections. Make certain your inventory is complete, even if you are uncertain whether assets are subject to directives in your will.

Step 4—Consult Your Attorney

Since there are many techniques and laws that govern estate distribution, consult your attorney on how to best accomplish your objectives. Your attorney may make recommendations that will help you realize your personal planning goals. For example, if you have philanthropic goals, your attorney can help you decide the most effective ways to reach them—perhaps through a lifetime gift, a gift in your will, a trust that can benefit heirs or charities, or a combination of methods.

Here are some concepts and alternatives to explore with your attorney:

- **Can a trust in your will add to the effectiveness of your estate plan?** A trust lets you provide an income or other benefits for another person or group of people while ensuring that the trustee maintains ultimate control over the disposition of trust assets.
- **Should you name contingent beneficiaries?** It is generally advisable to name a second beneficiary to receive a gift in your will in the event that the primary beneficiary predeceases you.
- **Should you make lifetime gifts?** In certain cases, lifetime gifts are the best way to accomplish your objectives. They may be more effective than a gift in your will. Lifetime gifts can minimize probate costs and estate and/or inheritance taxes. Giving during life also provides the pleasure of seeing how your gift furthers the missions you support.

In consultation with your attorney, you can make specific decisions about gifts that you want to include in your will. If your plans include a charitable gift to us, we will be happy to help you achieve the best possible result in personal satisfaction and tax savings.

Step 5—Draft Your Will

Rely on your attorney to draft a legal document that will carry out your objectives effectively and economically. It is the attorney's obligation to make certain your will complies with state law and that your directions are clearly expressed and legally enforceable.

Your attorney may include specific powers for your executor or trustee; special provisions for the payment of taxes, costs and debts; and other provisions necessary for an effective will.

Step 6—Complete Periodic Reviews

Your will reflects your objectives at a particular moment in time. It does not automatically adjust to reflect increases in the size of your estate, changes in the needs of your beneficiaries, or new tax laws. Therefore, it is important to keep your will current.

Take the time to review it regularly with the help of your attorney to keep it up to date with respect to your personal needs and changing tax laws. Your attorney can also help you take advantage of the latest estate planning techniques.

The Next Step

Feel free to contact us for more information. It would be our privilege to work with you, exploring how charitable gifts and intentions can work together in a way that enhances your estate and retirement planning.



CHECKLIST FOR AN EFFECTIVE ESTATE PLAN

- Coordinate your life insurance and retirement plan beneficiary designations with your will and make certain everything is up to date.
- Consider employing a revocable living trust to hold your assets, minimize probate costs, and provide privacy.
- Arrange your affairs to provide an immediate source of income for beneficiaries who will need money right away.
- Include charitable gifts in your will to meet philanthropic goals.
- Design your estate plan to minimize estate and/or inheritance taxes.
- Use lifetime gifts as a means of minimizing your future estate.



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