

Mindful Estate Planning

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Before we get into the nitty gritty...
nuts & bolts... **such as:**

- Elements of effective gift & estate planning
 - ✓ Differences between a will and a trust
- Opportunities to “Gain through Giving”
 - ✓ Strategies for tax savings

 *WHY* should I give? 

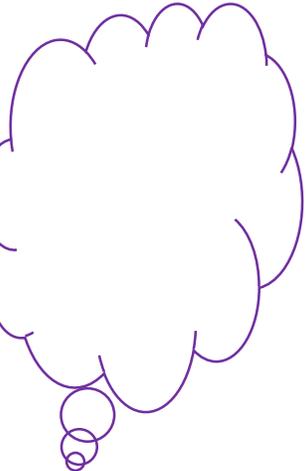
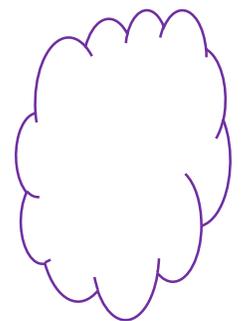
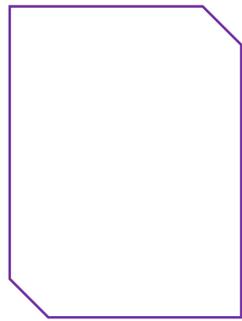
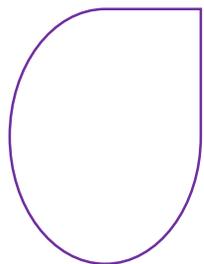
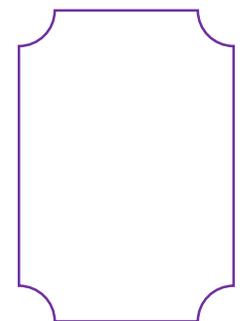


It's time
to
INSPIRE

Today is a *gift* ...

.... that is why it is
called the *present*





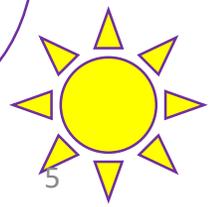
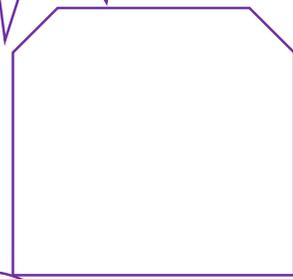
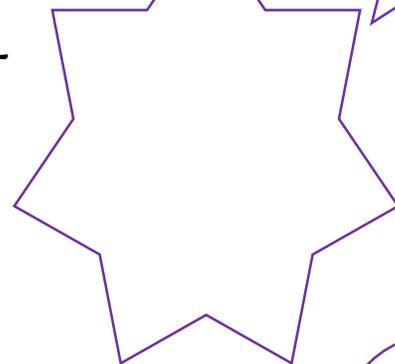
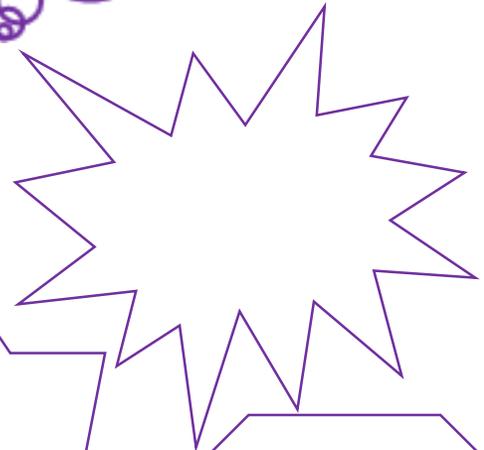
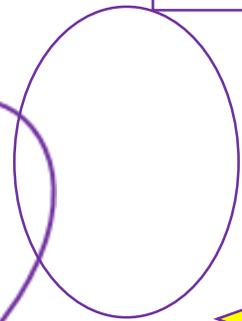
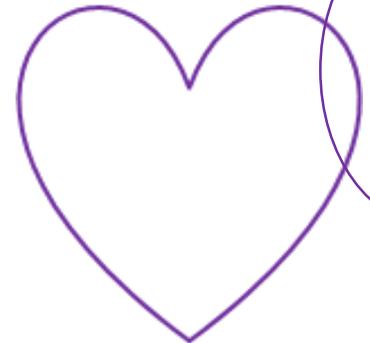
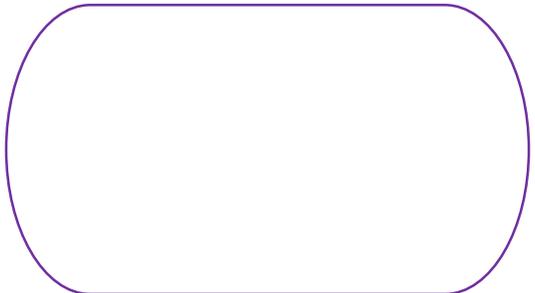
Legacy Brainstorming Worksheet

What is most important to you?



This is your **BRAINSTORMING** page –

Write down
thoughts & ideas
*names, words, phrases,
concepts, causes you care about*



“Where there’s a *will* there’s a way”

What Happens If I Don't Have a Will?

If you die intestate - that is, without a will:

- **the state** oversees the dispensation of your assets
 - > and decides **who receives what** <
- which it will typically distribute according to a set, inflexible formula.

“You can’t take it with you...”

- You don't have to have a lawyer to create a **basic will** — you can prepare one yourself.
- **Do-it-yourself wills** can save you money but - it depends on your family and financial circumstances - can be complicated for your heirs when you're gone.
- It must meet your state's legal requirements and *should* be **notarized**.

MANY **free & low cost** online will writing tools

PROS

- Easy, convenient, private without talking with attorney

CONS

- Could miss critical information
 - Particularly if special needs family members
- High net worth complications
 - Intricate assets and/or property
- Potential data privacy issues

Online will writing tools – NOT a complete list:

FREE

- **FreeWill** <https://www.freewill.com/>
- **Do Your Own Will** <https://www.doyourownwill.com/>

PAY FOR SOFTWARE or SERVICES

- **Law Depot** <https://www.lawdepot.com/>
- **LegalZoom** <https://www.legalzoom.com/>
- **Quicken's WillMaker Plus**
- **Rocket Lawyer** (monthly subscription service)
<https://www.rocketlawyer.com/form/last-will-and-testament.rl#/>



ACTEC[®]

THE AMERICAN COLLEGE OF
TRUST AND ESTATE COUNSEL

Find a Skilled Wills and Trusts Attorney in Your Area

Do you need an estate planning attorney in your area?

<https://www.actec.org/fellows/directory/>

This Search Tool is an excellent source as these attorneys have been elected by other attorneys as tops in estate planning.

The American College of Trust and Estate Counsel (ACTEC) Fellows must have more than 10 years of experience in the active practice of probate and trust law or estate planning.

Lawyers and law professors are elected to be Fellows based on their outstanding reputation, exceptional skill, and substantial contributions to the field by lecturing, writing, teaching and participating in bar activities.

What is the difference between a will and a trust?

Both are **useful** estate planning devices that serve different purposes.

Both can work together to create a complete estate plan.

Your attorney and financial advisor can tell you how best to use a will and a trust in your estate plan.

Probate vs. No Probate

A will

Goes through **probate** =

A court oversees the administration of the will and oversees distribution.

Probate is the court system designed to wrap up a person's affairs after their debts.

Can take a long time, can be expensive.

A basic living trust

NO probate =

Allows property to quickly and efficiently pass to the beneficiaries you name.

No delays and expense of probate court proceedings.

There are no court or attorney fees after the trust is established.

Other differences

>> <https://www.actec.org/fellows/directory/> <<

Your attorney can tell you how best to use a will and a trust in your estate plan.

A will

Goes into effect only **after you die.**

Allows you to name a guardian for children and to specify funeral arrangements.

After death, a will becomes a **public document.**

A basic living trust

Takes effect **as soon as you create it.**

Can be used to plan for disability or to provide financial strategies, like savings on taxes.

A living trust **does not become public.**

Remember these two important things about wills...

#1) Revocable = you can change it.

#2) You can designate

percentages %

of your estimated estate

or

dollar amounts \$.

About estate taxes... \$11,400,000 in 2019

- The federal gift and estate tax are one tax.
- The individual exemption amount applies to property you give away during life or leave at your death.
- You can transfer, either while you're living or at your death, up to \$11.4 million of property FEDERAL tax-free for deaths in 2019.
- This exemption amount rises each year because it is indexed for inflation.

FEDERAL estate taxes... (contd)

- The federal government imposes estate tax at your death only if your taxable estate is worth more than **\$11.4 million** (for deaths in 2019).
- Assets left to a surviving spouse (as long as the spouse is a U.S. citizen) pass free of estate tax, no matter what the value

Some states impose estate and/or inheritance tax

Some states collect their own estate tax, **separate from the federal estate tax.**

Even in these states that do impose a tax, most estates don't end up owing any tax, because generally, only large estates are subject to the tax.

Many state tax exemption amounts have changed in the last few years.

To get the most up-to-date numbers, check online, at the website of your state's taxing authority.

State Inheritance and Estate Taxes

- Per the next slide, these 17 states and the District of Columbia imposed an inheritance, estate tax, or both, in some cases.
- Note that taxes may be imposed on real estate or personal property that you own outside your home state.
- State “death tax” laws change periodically – you should consult your advisors for the current tax situation in states where any of your assets are located.

Know your STATE rules (next slide please!)

- [Connecticut](#)
- [Delaware](#) (repealed for deaths after January 1, 2018)
- [District of Columbia](#)
- [Hawaii](#)
- [Illinois](#)
- [Maine](#)
- [Maryland](#)
- [Massachusetts](#)
- [Minnesota](#)
- [New Jersey](#) (repealed for deaths as of January 1, 2018)
- [New York](#)
- [North Carolina](#) (repealed for deaths as of January 1, 2013)
- [Ohio](#) (repealed for deaths as of January 1, 2013)
- [Oregon](#)
- [Rhode Island](#)
- [Tennessee](#) (eliminated as of January 1, 2016)
- [Vermont](#)
- [Washington](#)

How Estate Tax Differs From Inheritance Tax

The **federal** government does **not** impose an **inheritance tax**, but a few states do.

Inheritance tax doesn't depend on the amount of the estate; instead, it **depends on who inherits the property**.

The surviving spouse is exempt from inheritance tax in all states.

Some states tax the deceased person's children, but at a low rate.

People who are more distantly related, or who aren't related at all, are taxed at a higher rate.

About those state taxes...

- If you live or own valuable property in any of these states, you **need to know the state tax rules when you do your estate planning**.
- If you think your estate might have a hefty tax bill, you may be able to take steps to reduce or eliminate the eventual tax liability.
- If you live in 2 states - *winter here, summer there* - your inheritors **may** save money if you can make your legal residence in a state that doesn't impose these taxes.

A few more words on Trusts

While the basic structure of a **trust** remains pretty much the same, there are several **different types of trusts** with **different** purposes and specifics.

Basic types of trusts include:

Living

Testamentary

Revocable

Irrevocable

Charitable trusts include

Charitable Remainder Trust

Charitable Lead Trust

Charitable Remainder Annuity Trust



An estate-planning attorney can help you form a trust, but it's also smart to work with a **financial advisor** who can take a more holistic approach to your finances.



For our friends 70 ½ years & older with IRAs

>> TAX-WISE GIVING FROM YOUR IRA <<

QUALIFIED CHARITABLE DISTRIBUTIONS (QCDs)
also known as an "IRA charitable rollover gift."

Transfers up to \$100,000 will be excluded from income.

These transfers can satisfy 2019 minimum required distributions **without paying income tax** as you would with the annual required IRA distribution.

(NOTE: non-IRA retirement plans, such as 401(k) or 403(b) are not eligible.)

For any age

> GIVING APPRECIATED SECURITIES <

If you have owned stocks, mutual funds, or other securities for more than one year which have appreciated in value – YOU WILL HAVE THE OPPORTUNITY FOR **DOUBLE SAVINGS AND TAX BENEFITS**

#1 - you can **deduct the full fair market value** of your donated stocks, not just their original purchase cost

and

#2 - you **do not pay capital gains tax** that would be owed if you instead sold those securities and donated the proceeds.

You need to know where you're going – to get there

Your thoughtful financial and charitable goals



Why do people give?

Many, many reasons why!

- ❖ I want to feel I'm helping/improving someone's life, the environment, animals.
- ❖ Someone I know asked me to give, and I wanted to help them.
- ❖ I felt emotionally moved by someone's story.
- ❖ I want to feel I'm not powerless in the face of need and can help (this is especially true during disasters).
- ❖ I feel a sense of closeness to a community or group.
- ❖ I want to honor or memorialize someone.
- ❖ I was raised to give to charity—it's tradition in my family.
- ❖ I want to be "hip," and supporting this charity is in style (i.e., wearing a particular wrist band or pin).
- ❖ It makes me feel connected to other people and builds my social network.
- ❖ I want to have a good image for myself/my company.
- ❖ I want to leave a legacy that perpetuates me, my ideals or my cause.
- ❖ I feel fortunate and want to give something back to others.
- ❖ I give for religious reasons—my faith teaches me to help others.
- ❖ I want to be seen as a leader/role model.
- ❖ I want a tax deduction.

Philanthropy

The literal, classical definition of the term philanthropy derives from its origins in Greek ...

φιλανθρωπία, which combines the word

φίλος (**philos**) for "**loving**" and

ἄνθρωπος (**anthropos**) for "**human being**" ...

“the love of humanity”

Thank

You

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