DEACONESS FOUNDATION
Summer 2012
Cornerstone
partners in planning

## Remembering Deaconess in Your Will or Living Trust

The wording of a bequest in a will or gift through a living trust depends on the individual estate plan and what an estate owner wants to accomplish. You could:

- leave a particular asset to us (100 shares of ACME stock).
- give a set amount of money ($10,000).
- designate that we receive either a percentage or all of what is left in your estate after provisions for loved ones have been met.
- state that certain property from your estate will go to us in the event that a beneficiary does not want the property.

If you are considering making a gift to us through your will or living trust, be sure to use our exact legal name: **Deaconess Foundation**. And if you have included us, please let us know of your intention. We always enjoy the opportunity to thank our donors and to learn more about the motivation behind your thoughtful gift.

Deaconess Foundation

**We have more ideas**

**Call Mark Moore at (812) 450-3320.**

**Ask about information on wills and living trusts.**

# First Steps

## ESTATE PLANNING FOUNDATIONS

Early in the movie version of *The Lord of the Rings*, faithful hobbit Samwise Gamgee declares that if he takes one more step, he will be the furthest from home that he has ever been. That step marked the beginning of his epic role in an extraordinary adventure.

Although estate planning is certainly not an epic adventure, many of us feel we are very far away from home—choosing trustees, designating bequests, naming executors—when we begin the planning process. While estate planning may be outside your comfort zone, the fact is most estate plans are easy to establish, uncomplicated to implement, and simple to amend and change. Indeed, the most important decision you'll make in planning is to take the first step and get the process underway.

This issue of Cornerstone explores estate planning foundations: a will and/or revocable living trust, a living will, and a commitment to periodic reviews. We also examine the reasons why you should have a plan in place, along with the role charitable giving can play in realizing planning goals. Please contact us by phone or email for additional information about estate and will planning. Be sure to request our complimentary brochure, ***Steps to an Effective Will or Living Trust,*** which will be helpful as you consider your personal planning needs.

**Deaconess Foundation Cornerstone Society member Marian Shymanski (second from left), poses with Sharon Kazee, LPGA member Paige Mackenzie, Judy Steenberg and Nadine Coudret at the 2012 Deaconess Classic for Women's Health golf tournament.**

# Planning Is for Everyone

## *Tax and Your Estate*

Estate planning presents unique opportunities and planning possibilities to everyone. It's important not to make the mistake of thinking that estate planning is only for the Warren Buffetts of the world. Remember, the fundamental purpose of an estate plan is to arrange the orderly and intentional disposition of your personal assets. Everyone benefits from this kind of planning.

The foundation for an estate plan is a will and/or revocable living trust. If you do not have a will or living trust, the intestacy laws of your state determine the distribution of your assets according to a fixed, statutory formula. So, if you intend to make the final decisions regarding what and how you leave your assets to others, including charitable organizations, you must have a plan in place.

## *Why Have a Will?*

A will is a unique legal document that must meet specific state requirements to be valid. That is why everyone should enlist the help of an attorney in preparing a will. A will is a "living document" until the estate owner dies—meaning that it can be changed, amended, or updated at any time. However, when an estate owner dies, the last will and testament is final and becomes the controlling document that instructs how and to whom assets are distributed. From a purely legal standpoint, a will performs a valuable function; however, a will can also be a highly personal document that reflects opinions, values, desires, and appreciation of others.

## *Three Reasons Why Everyone Should Have a Will*

**Peace of mind –** There is much to be said for the peace of mind that accompanies a well thought-out will. You are assured that your assets will be distributed on your terms in a thoughtful way. You can provide for special needs or considerations for your loved ones. Your will provides you with an opportunity to make certain that critical decisions are made by you—not the state, the court, or a relative you may hardly know.

**Clarity of intent –** A will provides clear documentation of your intentions. Your will is a legally enforceable document used by the court to control the disposition of your assets. It is an ideal way to make certain your wishes are known and ultimately fulfilled.

**Service to others –** Your will can also be viewed as a thoughtful gift to your family and friends. Because your decisions are documented, you relieve loved ones of the heavy, complex, and often difficult job of determining how you would have wanted estate assets to be distributed.

## *A Revocable Living Trust: Where Does It Fit?*

Like a will, a revocable living trust is a tool for managing the disposition of assets. It is revocable and can be changed as long as the estate owner is alive. At death, however, the trust becomes irrevocable. (It can also be set up to be irrevocable in the event of incapacity). Like a will, a revocable living trust can provide peace of mind and clarity of intent, and it can be a considerate way to facilitate estate settlement. A major difference in planning between a will and a revocable living trust has to do with probate.

**The probate process –** When an estate owner dies with a valid will in place, the court accepts the will and probate begins—which simply means that the administration of estate settlement and the process of disposing of assets gets underway. Since court proceedings are a matter of public record, every will is available for public inspection.

By contrast, a properly drawn, legal revocable living trust is not subject to probate, which means estate administration is private. Privacy is the principal reason why estate owners choose a revocable living trust instead of a will as the primary foundation for estate planning.

**A personal decision –** There are advantages and potential disadvantages to wills and revocable living trusts. When compared to a will, a revocable living trust is generally expensive to set up and complex to administer. If you are thinking about creating a living trust as the foundation of your estate plan, you and your advisor(s) should consider personal needs and wishes to determine the best way to proceed. Some planners use only a will, and others prefer a revocable living trust. Many use both. From an estate planning perspective, the best choice is to meet with your advisor(s) and get the planning process underway.

## *The Purpose of a Living Will*

Another useful tool in estate planning is a ***living will***, a document that is totally separate and distinct from a testamentary will and a revocable living trust. A living will (sometimes called an advance directive) specifies your instructions regarding medical treatment and life-prolonging measures should you become incapacitated and unable to make decisions for yourself.

A living will is typically accompanied by a medical power of attorney that identifies who can make the necessary health care decisions on your behalf. This combination of a living will and health care power of attorney provides essential information designed to ensure that your wishes are fulfilled. End-of-life health issues can be complex, controversial, and emotionally draining. Your loved ones, care givers, and advisors all benefit when you carefully consider this possibility and provide clear instructions regarding your personal wishes.

## *The Next Step*

A will, a revocable living trust, and a living will are widely recognized estate planning tools. However, there is no ready-made, one-size-fits-all plan. If you do not have a will or living trust, the first step is to meet with your advisor(s) to get the planning process started. You'll benefit from the help of a professional who can steer you toward good planning decisions that meet your personal goals and adhere to the legal requirements in your state.

Once your estate plan is in place, it is very important to review the plan periodically. It may be prudent to make changes in your will or revocable living trust if there are changes in your goals or finances. In addition, family changes—unexpected needs of family members—may provide another good reason to revisit your estate plan.

### Comparison: Will vs. Revocable Living Trust

| WILL | REVOCABLE LIVING TRUST |
|---|---|
| **Advantages** | |
| 1) Traditional and familiar.<br>2) Generally less expensive than a living trust.<br>3) Allows for the appointment of a guardian for dependent children.<br>4) No need to re-title assets during life. | 1) Allows for holding and control of the asset in the trust even after death.<br>2) May avoid probate.<br>3) Not a public document, so it provides privacy in the distribution of the assets.<br>4) Takes effect during the lifetime of the maker.<br>5) May provide for an agent to act if the maker is incapacitated.<br>6) More difficult to contest than a will.<br>7) Can provide for pets. |
| **Disadvantages** | |
| 1) Wills are public documents once filed with probate court.<br>2) No control over assets after distribution to heirs.<br>3) Wills can easily be, and often are, contested.<br>4) Does not hold an asset for beneficiaries. | 1) More expensive to create and may have costs to maintain.<br>2) Requires continued actions by the individual making the trust (called the "grantor") to monitor the trust and transfer new assets into the trust.<br>3) Grantor must identify subsequent trustees to act after the grantor's death. |
| **Who is involved?** | |
| 1) Individual making the will (called the testator).<br>2) Attorney. | 1) Individual making the trust (called the "grantor").<br>2) Attorney.<br>3) Subsequent trustees. |

## Charitable Gift Annuity Rates

The charitable gift annuity is a gift planning option that enables you to make a gift and receive an income from that gift. It can also provide a tax deduction. Current rates are listed below—call us for the rate for your specific age or to receive a complimentary illustration showing how a charitable gift annuity works.

| AGE | RATE* |
|---|---|
| 65 | 4.7% |
| 70 | 5.1% |
| 75 | 5.8% |
| 80 | 6.8% |
| 85 | 7.8% |

** Rates are subject to change.*

### *Charitable Giving: Leaving a Legacy*

In your estate planning, remember to consider the personal legacy you create when you make a charitable gift. For more information about ways to support Deaconess Health System, contact us by phone or email. Be sure to request our complimentary brochure, *Steps to an Effective Will or Living Trust.*

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*For more information about the Foundation and Deaconess Health System, visit our web site at www.deaconess.com/foundation*

The information in this publication is not intended as legal advice. For legal advice, please consult an attorney.

## The Cornerstone Society

The Deaconess Foundation Cornerstone Society is a group of very special people. Each of these individuals has let us know that they have included Deaconess in their will or another method of estate planning. Through their bequests, members of the Cornerstone Society know they will continue supporting an organization that has been important to them and their families throughout their lifetimes.

We know this list is probably not complete. There are likely to be many of you who have found a place for Deaconess not only in your hearts but also in your plans. If we are not aware of your gift, or if for some reason we should know but you are not listed, please send in the enclosed card or give us a call.

We formally recognize each member of the Cornerstone Society through a special roll of honor permanently displayed in the Deaconess lobby. Not only does this allow us to recognize your generosity, but once again you are giving Deaconess an important gift by inspiring others through example.

If you have not done so already, we invite you to be a part of the Cornerstone Society. For more information you may call Mark Moore, Annual and Planned Giving Officer, at 812-450-3320.

### Cornerstone Society Members

**Mrs. Henry Absher**
**Mrs. Leo Adler***
**Mrs. Willard T. Barnhart***
**Mr. and Mrs. Arthur W. Bayer***
**Mr. and Mrs.* Allen Blackard**
**Dr.* and Mrs. Ralph F. Carlson**
**Mr. and Mrs. H. Lee Cooper**
**Mrs. Rebecca Nunn Couch***
**Mrs. Rita S. Dodd***
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**Mrs. Raymond H. Goebel***
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**Mrs. Louise Toole***
**Mr. Charles O. Vajgl***
**Mr. and Mrs. D.W. Vaughn***
**Mr. W. R. Vause**
**Mr. and Mrs. James W. Vogel**
**Ms. Linda E. White**
**Mrs. Justice F. Wynn***

*Indicates the member is deceased.