

Planning Your Estate

Creating a Legacy for Family and Charity



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Welcome to Planning Your Estate

We are very pleased that you are taking steps to protect those you love through an updated estate plan. Your estate plan will help you manage how your assets are given to or shared among your loved ones and/or charitable organizations.

Planned Giving is a form of stewardship for the future. Individuals generally contribute assets they have accumulated during their lifetimes (savings, investments, real estate, retirement plan benefits, life insurance policies, and tangible personal property) -- rather than giving from annual income (check book or credit card philanthropy).

Ultimate gifts take some planning, and this booklet will help you better understand the options and requirements involved in estate planning. You may need to seek professional counsel before making a full commitment, or just to get answers to questions about various planning strategies. Timing, valuation of assets, overall estate and financial plan, and tax considerations are added to the mix of generosity and commitment. Some take effect at death; some during lifetime. Each charitable estate plan is unique, but they all share a common objective – to assist in the perpetuation of the good work of your charity(ies) of choice.

Planned gifts and the SOMO Endowment Fund

Planned gifts are meant to perpetuate something of great value and meaning. A planned gift is the ultimate one a person can make, both in size and finality. Most often, a planned gift is intended for an endowment fund. The endowment fund for Special Olympics Missouri is called the SOMO Endowment Fund.

The SOMO Endowment Fund was created to ensure the long-term viability of Special Olympics Missouri, so that tens of thousands of athletes with mental disabilities have the opportunity for physical fitness and social interaction. SOMO Endowment Fund is a 501 © (3) charitable organization entirely dependent on donations.



What are the benefits of an estate plan?

Peace – An estate plan is designed to help you provide for those you love and protect both you and your family.

Provision – You have spent most of your lifetime gathering assets and making plans. But many people spend more time planning their vacation than planning their estate. With a good estate plan you can give loved ones the property you have acquired in the right way, at the right time and at minimum cost.

Protection – In addition, a good plan will provide for you in your senior years. It may be important to designate a specific person to manage your property, help doctors and other medical staff with important decisions and make certain that you are receiving the best possible care. An estate plan can increase your lifetime security and also achieve your goals for family and charity.

How do I get started?

We have designed this *Planning Your Estate* brochure as a companion to our *Guide to Wills and Trusts* workbook. It is usually best to move fairly quickly through the different sections. You may need to come back later and fill in some of the information. Most of this information you will know or have readily available.

And if I have questions about some of the information?

When it comes time to decide on the distribution of your property, you may have some questions. There are two different resources that will help you. In addition to the explanations within this guide, we have a wealth of online estate planning information on our website. Just log on to www.somogift.org and learn about wills. Most of the terms and information in this guide are covered in the estate planning presentation and other information. In addition, we are always available to help. Just call us at 1-(800) 846-2682 or e-mail us at shadoan@somo.org.

What good things happen with an updated will?

With an updated will, you can transfer specific property or assets. In addition, you will be able to direct the residue of your estate. For those with larger estates, there could be substantial estate tax savings. In addition, you know that the executor or personal representative that you select (not the one a probate judge chooses) will be managing your property. A good will can carry out your plan and save thousands of dollars while transferring property quickly and inexpensively to your loved ones.

What is accidental disinheritance?

Too many times, the “wrong” persons end up receiving property. An “accidental disinheritance” occurs if you either have no will or the will doesn’t function properly. Sometimes a will is unclear and the estate goes to distant relatives or is simply paid to CPAs and attorneys who are representing family members fighting over the estate. You can avoid an “accidental disinheritance” by creating a good plan to protect your loved ones.

Can I use my estate plan to create a legacy?

Everyone wants to have a life with meaning. Part of that meaningful life is to live on in the memory of family and friends. A good estate plan can indeed create a legacy for family and charity that gives added meaning to your life.



Estate Planning Documents

There are three basic steps in the estate planning process.

1. Write Down What You Own

It is important to understand what property you own and what property will be transferred through your estate. Make an inventory of your assets.

2. Know How Property is Transferred

Some property is transferred by will and some is transferred by a beneficiary designation or other form. You need to know how your property will be transferred in order to avoid an accidental disinheritance. With a good plan, your property may be transferred as you desire.

Our companion booklet, *A Guide to Wills and Trusts*, contains worksheets on which you can write a list of what you own, name beneficiaries and record information about family members and charities. It can be downloaded for free at somogift.org or ordered by mail at the address on the back of this booklet.

3. Sign Your Will and Medical Directives

Finally, it is important to sign the documents that express correctly your will and desires both for your property and for your potential future personal care.

Basic Planning Documents

Let's start by reviewing the three basic estate planning documents – a will, a durable power of attorney for finances and a durable power of attorney for healthcare.

A. Current Will

Your will is a written document, signed by you and by two or more witnesses. In some states, your signature may be witnessed by a notary public. If the will is believed to be authentic by the probate court, it is used to determine the distribution of your property. If the will is not valid or you do not have a will, the court will follow state law for those without a will. Many of the court decisions might be completely contrary to your desires.

For example, without a valid will a judge might choose guardians for your minor children, select trustees to manage your property and even award property to your distant relatives. The actions of this judge may be completely contrary to your desires.

With a valid will, you are able to choose who will inherit your property and who will administer your estate as executor or personal representative. If you have minor children, you can choose a person to raise your children. With a trust, you are permitted to decide who will manage the trust for family members.

A valid will is an essential part of transferring your property at the right time to the right people at the lowest cost. Without a valid will, costs, delays and the probability of expensive conflict increases. You can provide a wonderful legacy for family with an updated will and a sound estate plan.

B. Durable Power of Attorney for Finances

You probably are a very good financial manager. As long as you are able to manage your affairs, things will be fine. However, there may come a time when you are in poor health or perhaps in the hospital. While lying on your hospital bed, you do not want to worry about your property being neglected.

A durable power of attorney for finances is the solution that protects your property and yourself. If you are no longer able to manage your property, the person that you select in this durable power has the right to act as your agent. Even if you are disabled or incapacitated, this person will have the legal right to manage your property. If you do not have a durable power of attorney for finances, it will be necessary for the court to appoint a conservator.

The court may select any person as conservator and there often will be expensive reports, audits and costs in the management of your property. If you sign a durable power of attorney for finances, the person that you select may manage your property without all the expense of a court-appointed conservator.

C. Healthcare Directives

There are two general types of healthcare directives – a durable power of attorney for healthcare and a living will. In some states, they are combined into one document called an advanced directive.

The durable power of attorney for healthcare allows you to select a person who can assist your doctors in making healthcare decisions while you may be incapacitated. You may have a serious medical condition and the doctor will need the advice of another person regarding the best possible care for you. Your designated holder of the durable power of attorney for healthcare can help the doctors ensure that you have that high quality care.

The living will is a second document (in most states) and covers the time before your probable death. In the last days and weeks of life, there are a number of decisions regarding care, nutrition, hydration and resuscitation that need to be made. The living will gives you the opportunity to offer recommendations to medical staff about the types of care to be provided to you at that time.



Your Benefits with Other Planning Options

D. Living Trusts

If you have a moderate or large estate, you may find it desirable to create a living trust. The living trust is completely within your control during your lifetime. You can add property to the trust or remove property from the trust at any time. During your lifetime, the trust income is taxable to you.

There are at least three major benefits of the living trust. If you are sick or in the hospital, your designated successor trustee can take over and manage your property for your benefit. Second, if you pass away, the property in the living trust will avoid probate and potentially save thousands of dollars in costs. Third, the living trust typically is a private document and *not made public during the probate process*.

E. Custom Estate Plan for Business, Investments or Special Needs Child

If you own a family business, substantial real estate holdings or a large estate, then a custom plan that considers your special property goals and requirements should be created.

Another custom plan option is important if you have a child with special needs. A child with special needs may be provided for through a **special needs trust**. A special needs trust will facilitate care of the child by providing resources and directions. If structured properly a Special Needs Trusts will not affect federal or state benefits for the special needs child.

F. IRA, 401(k) or Other Retirement Plan

Your IRA, 401k or other retirement plan is transferred by a beneficiary designation. Normally, the beneficiaries should be named on the IRA, and it should be given directly to family or charity, and not to your estate. The IRA or 401k custodian should provide a form for you to select a primary and contingent beneficiary. Because your retirement plan may represent a major portion of your property (30% to 70%), your beneficiary designation should be reviewed every two to four years.

G. Life Insurance

Life insurance is usually permanent (whole life or universal life) or term. The insurance policy is a contract, and there is a beneficiary designation form. You will select the primary and contingent beneficiary to receive the death benefit if you pass away with a valid insurance policy.

H. Charitable Remainder Trusts

A charitable remainder trust is an excellent way to benefit yourself, your spouse, or other family members. It combines substantial tax savings with the ability to produce a very good income for you or your family members. Charitable remainder trusts are especially helpful for individuals who retire and would like to sell land or stock tax-free and receive a generous income.

I. Charitable Gift Annuity

Many of our friends, especially those age 70 and above, are very interested in fixed payments from a charitable gift annuity. If you fund a gift annuity, you receive a substantial income tax charitable deduction and fixed payments for life. A gift annuity may pay for one life or for two lives. For a husband and wife, the payments will last until both have passed away.

J. Donor Advised Funds

Many families find that a Donor Advised Fund is a simple and efficient way to help charities that they love. By establishing such a fund, you can time the gifts you make (for investment or tax reasons) and you can select charities you wish to benefit from your gifts. You receive the income or estate tax deduction, and the opportunity is there to make distribution decisions later. Many families may use a Donor Advised Fund as an estate beneficiary so that they can allow their children or friends to continue supervising the gifts from their fund for years to come. Parents appreciate the way that their DAF encourages children to be involved in philanthropy.

K. Charitable Endowments

Another option that you may prefer is to leave property or money in an endowment form so that the charity does not spend the principal. Instead, the charity pays the endowment income (as often the donors have done all of their lives). Endowments may be left to community or religious foundations, or often directly to the SOMO Endowment Fund with instructions as to their use. If you are interested in an endowment approach to your charitable gifts, please contact us.



Consider a charitable gift in your estate plan

After you consider the long-term needs of your family members, we hope you'll consider the good work of charitable organizations like Special Olympics Missouri. Through our SOMO Endowment Fund, we're working to extend opportunities for thousands of Missourians with mental disabilities who benefit greatly from our programs for physical fitness, health and socialization.

More information is available on our web site, www.somogift.org, where you'll find information about various charitable gifts and stories of donors who have directed gifts to SOMO Endowment Fund through bequests and wills, gifts of stock or property, life insurance policies and charitable annuities.

Additional Resources for Planning Your Estate:

In Print:

SOMO Endowment Fund offers additional free literature to help you with a variety of estate planning issues. You may obtain free copies of these brochures by contacting Laurie Shadoan at 1-800-846-2682. You may also find downloadable copies of these brochures on our web site, www.somogift.org.

- [A Guide to Planned Giving](#)
- [A Guide to Wills and Trusts \(planner\)](#)
- [Giving to Special Olympics Missouri Through Your IRA](#)
- [Stock Donation Form for SOMO Endowment Fund, Inc.](#)
- [In Giving You Receive
The Charitable Gift Annuity](#)
- [SEF Founders Club](#)

On the Internet:

- <http://www.somogift.org> (SOMO Endowment Fund web site)
- <http://www.kiplinger.com/yourretirement/legacy/>
- <http://www.smartmoney.com/personal-finance/estate-planning/>



Please contact us for more information about any of these gifts, or to gain a referral to a financial advisor or attorney. Our toll-free number is 1-(800) 846-2682 or email Laurie Shadoan at shadoan@somo.org.

Through the SOMO Endowment Fund, a nonprofit 501(c)(3) organization, you can make tax-deductible planned gifts through your will or through other arrangements.

As we work to ensure a brighter future for Special Olympics Missouri, we invite you and your advisor to learn about the benefits of making a legacy provision for SOMO Endowment Fund in your will.

You'll have the complete confidence that all the money raised in Missouri stays in Missouri to support Special Olympics Missouri sports competition, training and health & fitness education for individuals with mental disabilities.

Visit www.somogift.org or contact Laurie Shadoan at 1-800-846-2682 to learn more.



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