

## What will your legacy be?

**Durable General Power of Attorney.** A power of attorney authorizes another person (the “attorney-in-fact”) to manage your financial affairs. A general power of attorney allows that person to handle all your financial affairs. The power of attorney may be durable, which means that it will continue to be valid if you become incompetent.

**Health Care Directive.** A health care directive (in some states this is known as a living will) allows you to:

1. Authorize another person to make health care decisions for you if you cannot make and communicate them;
2. Provide directions for care you do and do not want to receive;
3. Communicate your wishes about where and from whom you will receive care, organ donations, and choices about your funeral and burial.

**HIPAA Waiver.** This document authorizes medical care providers to share information with individuals identified by you.

### TITLE TO ASSETS

There is considerable misunderstanding about how title to assets should be held and about the distinctions among and advantages or disadvantages of “probate” property, “non-probate” property and property held in a “living” or revocable trust.

**Assets Titled in Your Name Alone.** In the estate planning context, assets in one name alone are referred to as “probate property” and are transferred according to the terms of your will.

**Other Asset Titles.** It is also possible to title property with a named beneficiary. These assets, or “non-probate property”, are not governed by your will. For example, if you buy 100 shares of XYZ Corporation stock and name your spouse as a joint tenant, then your spouse becomes owner of all of those shares upon your death, even if your will provides otherwise. Typical examples of such assets are jointly owned residences, assets held in a revocable trust, life insurance contracts and qualified retirement plans, including IRAs, which pass directly to the designated beneficiaries of the plan.

Naming a spouse as joint tenant or as a beneficiary of an insurance policy or retirement plan is a very common way to transfer title. However, a potential risk is that an unnecessary estate tax liability may be created upon your spouse’s death, if he or she has a taxable estate over the amount exempt from estate tax.

### THE NEED FOR REVIEW

Estate planning is a continuous process. An estate plan should be reviewed periodically to be sure that it fits the present situation.

If you have made a planned gift in your estate plan, or for more information, e-mail or call Mari Carlson, Director of Development, at 612.821.3150 or [mcarlson@mtolivethomes.org](mailto:mcarlson@mtolivethomes.org).

This publication is for information for friends and donors and illustrates concepts in tax and estate planning. The information is not intended as legal services or advice. You should consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

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# LEAVING A LEGACY

MOUNT OLIVET CHURCH and Its Affiliated Organizations

## GUIDE TO ESTATE PLANNING



# LEAVE YOUR LEGACY FOR THE MINISTRIES OF MOUNT OLIVET

# GUIDE TO ESTATE PLANNING

*In 1977, I had the good fortune of being invited to attend a midnight service on Christmas Eve. I remember being awestruck the very moment I walked into the sanctuary. I was overwhelmed by the majesty of the processional and the quality of music and sheer size of the senior choir. I decided at that very moment that I needed to be a part of Mount Olivet and more specifically its music program. I proudly celebrate 40 years as a member of the senior choir.*



*I have had the good fortune to be gainfully employed in positions that have taken me all across the world. During that time, the beautiful spirit that is Mount Olivet always traveled with me and welcomed me home. Recently I experienced health problems that prompted me to finalize my estate plan. I firmly believe that God speaks to each of us in different ways. My illness helped to bring clarity of thought. Without hesitation, I knew that part of my estate, my life's good fortune, needed to go to support one of my greatest blessings—Mount Olivet's endowment fund and its music ministry.*

*My connection with the church started as a small child. Every day, my Mom would listen to the daily message delivered by Pastor Reuben Youngdahl. To this day, I am comforted by the song, "You Never Walk Alone," that accompanied his message, "Walk on, walk on. With hope in your heart. And you'll never walk alone." Because of Mount Olivet, I have never walked alone and am proud to share my many blessing for the future people of Mount Olivet.*

*Robert J. Have*

## THE NEED FOR ESTATE PLANNING

During life and at death, we all transfer property to others. Estate planning is the method by which such transfers are arranged to follow an intended plan.

Estate planning is often neglected, perhaps because it involves facing mortality or because other more immediate concerns are given priority. However, ignoring estate planning needs is shortsighted and may lead to unintended and costly results.

The need for estate planning is not limited to those with substantial wealth. The adverse impact of a poor estate plan is often the greatest for those of modest means.

If you die without a will, the state in effect makes a will for you by requiring that property titled in your name be distributed according to the "intestate" statutes. The result may be different from what you intend.

## ESTATE PLANNING STEPS

- Prepare an inventory of all your assets, such as cash, securities, real estate, business interests, retirement benefits, partnership interests, life insurance, and significant tangible personal property. Note any liabilities.

- Consider which individuals or charitable institutions might be potential beneficiaries of your estate.
- Decide who should perform administrative tasks after your death. The individuals or financial institutions that you choose will assume what is known as a *fiduciary* responsibility. There are three separate functions you may need in your estate plan.

**Personal Representative** is the term (in the past described as the executor) for the person or the financial institution, or both, responsible for handling your affairs immediately upon your death. The personal representative can be a spouse, friend, professional advisor, a bank, or other institutions.

**Guardian** is the individual responsible for the physical custody and care of your minor children. While this could be the same person named as your personal representative or trustee, it is clearly a different duty. This is the person you would expect to replace you as a parent.

**Trustee** is the individual or financial institution, or both, charged with managing assets you have placed in trust for the benefit of another. A trustee is responsible for overseeing the investment and preservation of the trust assets and must distribute the assets as directed by the trust.

## BASIC ESTATE PLANNING DOCUMENTS

To accomplish your estate planning goals, one or more of the following estate planning documents may be appropriate:

**Will.** Your will takes effect only at your death to dispose of property held in your name alone. Your will may be changed at any time. A *codicil* is a document that amends part of your will without revising the entire will.

**Trust.** A trust is an arrangement where one person (the "trustee") manages property for the benefit of another person (the "beneficiary"). Trusts may be divided into three types:

- *Revocable.* Since you may change a revocable trust at any time, it is similar to a will. The primary advantages of a revocable trust estate plan are that trust assets may be managed for you during any period of incompetence or incapacity without a court supervised conservatorship and that trust assets may be distributed privately after your death without the necessity of probate.
- *Irrevocable.* An irrevocable trust is not subject to change. It is used to make a completed gift when you do not want the recipient to have outright ownership immediately.
- *Testamentary.* Unlike revocable and irrevocable trusts, which take effect when you transfer property to a trustee, a testamentary trust is created by your will and becomes effective only when you die.