



# Bequests

## Wills and Trusts *versus* Beneficiary Designations

### Wills and Trusts

#### Specific Bequests

Bequests of a specific item of real or personal property, including financial accounts or specific amounts of money.

#### Residual Bequests

A percentage or fractional share of the estate remaining after specific bequests are distributed.

#### Specific Real or Personal Property

**Example:** "I leave my house at 123 Maple St., all of my wood working tools and my 1968 Ford Mustang to [Insert Charity Name]."

#### Specific Dollar or Percentage

**Example:** "I leave \$100,000 or 20% of my estate, whichever is greater, to [Insert Charity Name]."

#### Estate Dependent

**Example:** "If my total estate is less than \$100,000, then I leave \$10,000 to [Insert Charity Name]. If my total estate is greater than \$100,000, I leave \$30,000 to [Insert Charity Name]."



### Beneficiary Designations

#### Beneficiary POD/TOD Designations

Payable on Death (POD) or Transfer on Death (TOD) designations on assets (i.e. real estate) or accounts (i.e. bank or brokerage accounts), in most cases, supersede directives listed in a Will or Trust and avoid probate procedures.

#### IRA Beneficiary Designations

IRA beneficiaries, whether named individuals or charities, supersede directives listed in a Will or Trust and avoid probate procedures. It is important to always name contingent beneficiaries.

#### Life Insurance Beneficiaries

Life Insurance beneficiaries, both individuals or charities, supersede directives listed in a Will or Trust and avoid probate procedures. It is important to always name contingent beneficiaries.



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## Wills and Trusts *versus* Beneficiary Designations

### FREQUENTLY ASKED QUESTIONS

#### Will vs. Trusts

A will is a document that controls how some or all of a person's assets are distributed upon their death. A trust is an entity that holds assets and directs how they are to be used or distributed during the lifetime of the trust's beneficiary(ies). A trust also controls what happens to the assets upon the death of the trust's primary beneficiaries. There are many different types of trusts and you should consult with an estate planning professional for additional information.

Because both wills and trusts can contain directions for how assets are distributed following death, they can both be used as instruments to make charitable bequests.

#### Do I need a will or a trust?

If you want to control the disposition of your property at death, you need to have a will or a trust to direct how and to whom your property is to be distributed. A will nominates an executor to handle the process and a trust names a trustee to handle the process. If you do not have a will and/or a trust, state law determines to whom your property is given – with no provisions for gifts to friends or charities.

#### Can I get tax benefits from making a charitable gift?

Charitable gifts from estates present a variety of tax planning opportunities. Unlike charitable gifts made during your lifetime, you do not receive an income tax deduction for charitable bequests from an Estate. However, charitable bequests can reduce or eliminate any estate tax that might be owed. Additionally, making a charity the beneficiary of your retirement plan or IRA can yield tax benefits.

#### Six Steps to Creating Charitable Bequests

1. Determine the people and charities you wish to support and the property you expect to be available for those gifts.
2. Consult with an attorney with expertise in the creation of wills, trusts and other estate planning documents.
3. Contact your chosen charitable organization(s) to discuss your gift.
4. Ask the Charitable Organization to provide you with sample bequest language to share with your attorney.
5. Provide your charitable organization with a copy of your completed will or trust.
6. Receive appropriate acknowledgment of your intended gift.

