PLAN & PROSPER

The Benefits of a Good Will

Seldom do we contemplate our own death or that of our spouse, but your family deserves to have your plan for their security in the event of your death. Your plan should serve as a substitute for what you would do for your family if you were still alive. The best way to insure that your plan will be carried out is through the use of a will.

What Is A Will?

A *will* is a "legal declaration of a person's intentions concerning his property and the care of family members in the event of death." It is the final expression of one's character and his love for his family. Therefore, it is one of the most important documents you will sign in your lifetime.

Who Needs A Will?

The question is often asked, "Do I really have to have a will?" The answer is no, because the State has already written a will for you. A better question is, "Do you want the State's will, or would you like to write your own?" The following provisions are fairly typical of a will provided by most states:

- The State distributes one-half of your property to your spouse and one-half to your children. The court determines who is to get what. If your children are minors, the spouse will be required to make periodic accountings to the court of how the children's money is spent.

- The court will appoint an administrator for your estate and possibly a Guardian ad litem to represent your children -- and both will be paid out of your estate.

- If both spouses die, the court will appoint a guardian for your minor children who may or may not be a relative. The court will also name a Trustee to handle the children's money and the Trustee will be paid from the income available to the children.

- The estate will go through the time and expense of a court directed probate and no attempt will be made to reduce or eliminate any estate or death taxes.

Guardians for children are also named in the will: so if you have minor children a will is extremely important.

Can I Write My Own Will?

Many states recognize a holographic or handwritten will if it meets prescribed legal specifications and most states recognize a self-proving will which has been
signed by two witnesses and notarized. Some people choose to write their own wills because of the cost associated with retaining an attorney. This is definitely a second-best alternative. Many pitfalls can result from improper drafting -- causing far greater expenses in the long run. Many times, an attorney who specializes in estate planning can also make valuable suggestions concerning the present management of your estate.

Is My Present Will Still Adequate?

Every will needs a regular checkup to keep the changes of time from destroying its effectiveness. A weakened will may be remedied by adding a paragraph or two in the form of a codicil, which is an amendment to your will. The Wall Street Journal reports that 80% of wills in existence are not adequate for the family's current situation. The following can help you determine if your will needs to be updated.

How Is Your Property Titled?

The most common mistake in estate planning is the assumption that, because a person has a will, he or she has a complete estate plan. For many people, without proper planning, a will has no effect on the distribution of the majority of the assets in their estate. Property held in joint tenancy, and contractual assets like life insurance and retirement benefits, all pass outside of a will. Do not misunderstand, wills play an important role in estate planning and everyone should have a will; however, property ownership should be coordinated with the will to make sure that your desires are followed.

Can I Provide For Charity In My Will?

An important part of estate and financial planning involves maximizing the effectiveness of our giving to support charitable work. We are stewards, not owners, of the resources that have been given to each of us. Whether we have been given much or very little, a responsible approach would be to consider charitable giving, if at all possible. Outright gifts at death, commonly known as "charitable bequests," are gifts included in a person's will or living trust which are triggered by the person's death. One of the types of charitable bequest listed below can be a very appropriate way to provide for your family and a valued charity.

General Bequest

General bequests may allow a specific sum of money or a designated percentage of your estate to go to charity at your death. Specific items of

property can also be named. A designated percentage is most often the best choice, because it will usually more accurately reflect your priorities as your estate rises or falls in value.

Residual Clause Bequests

A residual clause may designate the remainder of your estate or a portion of that remainder to go to charity after the needs of loved ones have been met. Specific bequests are made to family and friends and then anything left over in the estate goes to charity.

Bequests After Income

A will can be structured to provide an income for a loved one for a term of years and then the remainder can go to charity. For example, a trust could be set to pay 10% of the value of the principal for 10 years to your children and then the remaining balance could go to charity. This type of trust has been called a "Give It Twice Trust."

Contractual Beneficiary Arrangements

Contractual beneficiary documents such as insurance policies and retirement benefits are another important way that individuals can contribute to charity. By naming a charity as a partial beneficiary, a person can provide for his family and still make a significant gift to charity.