



# ESTATE PLANNING GUIDE

## TRANSFORM THE FUTURE



### Build Your Legacy For Tomorrow

*Impact The Community For Generations To Come*





## INTRODUCTION

The Community Foundation of Anne Arundel County (CFAAC) exists to promote philanthropy, identify critical needs in Anne Arundel County, partner with donors to help them meet their philanthropic and financial goals, and promote collaboration to help strengthen local nonprofits. Donors can partner with us to fulfill their philanthropic goals through establishing Donor Advised Funds in their lifetime, as part of their estate planning, or through the provision of outright gifts to support community needs now and in the future.

At CFAAC we know that every one of us makes a difference. That is why we are focused on growing philanthropy one person, one family, and one business at a time. The more of us who give, the more good we can do for our community, together. CFAAC makes giving simple.

CFAAC is a tax exempt, 501(c)(3) organization. On behalf of our donors, we distribute millions in grants each year to hundreds of local, regional, and national nonprofits. We also work to build permanent endowment funds whose earnings will be used to reinvest in the community year after year. As endowments grow, so will our ability to provide support for critical community projects, helping to ensure a vibrant and generous community that comes together to enhance the quality of life for all.

Let your philanthropy live on for future generations. By partnering with CFAAC on gift planning, you can ensure your legacy for the causes you care about.

# WHY HAVE AN ESTATE PLAN?

## Peace of Mind.

An estate plan and its associated documents will help guide your family if they need to make difficult decisions about your care, provide the authority they might need to do so, and to know what to do when you are gone. Consider your plan a final gift to your family and other loved ones at the very time they need it the most.

## Provide for Your Family.

An estate plan is especially important if you have minor children as it will name a guardian to care for your children and in many instances, it establishes a trust to help ensure their financial well-being. Even without minor children, you will want an orderly plan describing how you want to care for your loved ones or what best reflects your values.

## Financially Wise.

A good estate plan will help streamline the distribution process, minimize administrative costs, and possibly reduce taxes that might otherwise be owed. Planning allows you to leave the most you can to the people you love and the causes you care about.

## Distribution of Your Assets in the Manner That You Want.

Without an estate plan of some type, the laws of your state determine what happens to your property. This is called intestate succession (property inheritance when there is no will). Proscribed by law, distribution may not benefit those you would have chosen. Further, no state distribution law provides for gifts to friends or charities or makes provisions

for your pets. Make sure what you have earned and accumulated in your lifetime goes to help those you love and causes that you care about.

## Remembering Charity.

With thoughtful planning you can provide for your loved ones and leave a portion of, or even the remainder of your estate to charity.

This booklet will describe the key elements of an estate plan, the documents you should have, and some charitable giving ideas you might want to incorporate into your planning. Then we provide an "Essential Information Checklist" for personal and financial information you need to share with your family. Also included is an "Estate Planning Documents Inventory" that includes the elements you need to ensure your wishes are carried out. Let's get started!

## Why consider giving through CFAAC?

- Our funds help people invest in the causes they care about most.
- We can help you involve family members in charitable giving and preserve your legacy for generations.
- You can establish a fund immediately with a simple agreement.
- Your fund is covered by CFAAC's tax exempt status.
- We provide highly personalized service tailored to your individual philanthropic and financial interests.
- Our professional staff has broad expertise regarding community issues and needs.
- We partner with professional advisors to create highly effective approaches to philanthropic giving.
- We accept a wide variety of assets and can facilitate even the most complex forms of giving.
- We offer maximum tax advantages for most gifts under federal law.
- We are a local nonprofit with deep roots in the community.
- We multiply the impact of your dollars by pooling them with other contributions and grants.
- We build endowment funds that will benefit the community.

# ELEMENTS OF LONG-TERM PLANNING

## Related to your future wishes

The planning techniques and vehicles described below will ensure your wishes are carried out. The decision about what approach you take should usually be done in partnership with your attorney and other professional advisors.

### Will

A valid will is generally typed, dated, and signed by you as well as two legally competent witnesses. To ensure your plan will be implemented, it is generally recommended that you work with a lawyer. Charitable gifts of all shapes and sizes can be made through your will.

### Revocable Living Trust

This trust is used, just like a will, to facilitate the orderly distribution of your property. The living trust is created while you are alive, and you can serve as trustee. To be effective, you make the trust the legal owner of your property like your house, your car, and other valuable property. As with a will, you can make gifts to your favorite charities. Even if you decide upon a living trust, you should still have a will.

### Beneficiary Designations

These are the forms you fill out when you do things like open a bank or stock brokerage account, establish an IRA or other type of retirement plan, or purchase a commercial annuity or life insurance policy. By naming CFAAC in your beneficiary designations, you ensure that upon your passing, all or a portion of an account goes to CFAAC as an outright gift or to a specific fund you designate, with a simple fund agreement that would guide your wishes.

### Preparation

The planning process allows you to locate and organize all your financial records, details of the ownership of real estate and other property, accounts with beneficiary designations, prior wills and trusts, if any, and to document your intentions about these assets. Consider loved ones, causes close to your heart, and think about how you would like to make your intentions known.

### Legacy Fund Agreement

To establish a charitable legacy, contact CFAAC for a simple fund agreement that allows you to clarify your intentions for your gift, outline what type of gift you have planned for, and provide CFAAC with important information about you. It also allows CFAAC to document any recognition, should you wish, in acknowledgement of your generous donation to your community, during your lifetime or after your passing; it is completely your choice whether or not to be anonymous with your gift.

## Do I need to have an estate plan?

Each state already provides for specifics in the absence of any personalized will or estate plan. However, if you wish to have a role in deciding the distribution of your assets and any guardianship decisions, regardless of the size of your estate, you must have a will. Other aspects of an estate plan grants a power of attorney for financial and health matters should you become incapacitated and states your wishes regarding final medical care. Your estate documents can become an expression of what you have valued in your life.

## How often should I update my plan?

Certainly, whenever there is a significant event in your life such as the birth of a child or grandchild, sale of a business, retirement, change in marital status, or death of a spouse or other loved one, you should review your plan with your professional advisors for necessary changes. Most attorneys recommend reviewing an existing will or estate plan every four to five years.



# STEPS TO ESTABLISHING AN ESTATE PLAN

Here are some practical steps to get you started:

1. **Take inventory** of what you own. List all of your assets (real estate and investments) and their approximate value. Include pertinent information about those assets.
2. **Make a list** of tangible personal property such as jewelry, dishes, books, furniture — items other than real estate and investments— and who is to receive each item upon your passing. Include this list as part of your estate documents.
3. **Think about your goals** for your estate plan, for example, who you want to benefit, how you want to treat each of your children, any special needs that you want to provide for, what happens if you and your spouse both pass away close in time, and if there are charities or organizations you want to remember. Your attorney is likely to ask you about goals you didn't consider, but at least you'll have a head start on those that are most top-of-mind.
4. **Consider whom** you would like to name as your agents, e.g., the personal representative/executor of your will, trustees, and the person to hold your power(s) of attorney. Gather pertinent information about these people.
5. **Meet with an attorney**, preferably one who specializes in estate planning. If you don't have one or know of one to call, check with family, friends, co-workers, or your local bar association for recommendations.
6. **Follow through** on whatever actions are decided upon in the meeting with your attorney. Rely on the advice of your attorney and other professional advisors as you make your decisions.

7. **Share your plans** with others. Key documents and clear intentions are of little or no value if no one knows what they say or where to find them when they are needed. This is especially true for the person(s) you have designated to serve as your personal representative/executor under your will or the trustee of your living trust. Loved ones will appreciate at least a general sense of what to expect to prevent misunderstandings later on.



## Do I need to see an attorney?

Technically, no, but depending on your circumstances, estate planning can involve many complexities best addressed by a professional advisor. This is especially true when you have a blended family.

While there is a cost involved in preparing your plan, most people find it is worth the peace of mind that comes from having appropriate arrangements for your family, clear instructions as to your wishes, minimizing probate fees and costs, and possibly saving state and federal estate taxes.

# CONSIDER YOUR CHARITABLE LEGACY

## What if I have a plan, but want to change one thing?

If your plan is fairly current, it is easy to make a change or two, such as adding a charitable beneficiary.

Your attorney can prepare an amendment to your will (called a "codicil") or to your living trust. This usually can be done quickly.

You may have numerous charities that you believe in strongly and you may have supported these organizations throughout your lifetime. Making a gift provision to one or more charitable organizations in your estate can be a natural extension of that support. You might be surprised at how much you can leave to charity while still achieving your personal and financial goals.

### Bequest

This is a gift made through your will or living trust. You can leave a specified amount of money, a particular piece of property, or all or a portion of the 'residue' (what's

left after your final expenses, debts, and specific gifts are paid). See page 13 for sample bequest wording.

### Beneficiary Designation Gift

Just as you designate individuals to receive certain assets directly as your named beneficiary, you can name a charity to receive all or part of the assets controlled by your beneficiary designations. Beneficiary designations are most commonly associated with IRAs and other retirement plan assets and life insurance policies, but it can also work with assets such as checking and savings accounts, brokerage accounts, and commercial annuities. Designating a charity as a beneficiary of your IRAs and other retirement plans is a tax-smart gift since charities are tax-exempt organizations. By contrast, if you leave IRAs and other retirement plans to heirs, distributions from these accounts are usually taxable to individuals. In addition to leaving a final legacy, beneficiary designations have the advantage of being flexible (give as little or as much as you like), revocable (generally they can be changed at any time), and perhaps most importantly, they leave the assets under your control should you need them during your lifetime.

A beneficiary designation gift bypasses your estate and goes directly to the individual or charity, potentially reducing the amount of taxes that might otherwise be incurred. All beneficiary gifts to charities are tax-exempt.







### **Charitable Remainder Annuity Trust**

A charitable remainder annuity trust can help maintain or increase your income for life while making a significant gift. It provides that a specified dollar amount be paid out at least once per year to the income beneficiaries for their lifetime or a term of years. Payments are the same amount each year, offering the security of a fixed income.

### **Charitable Remainder Unitrust**

A charitable remainder unitrust can help you maintain or increase your income while making a significant gift to causes you care about. It provides that a fixed percentage be paid to the beneficiaries at least once per year for their lifetime or for a term of years. The amount paid out each year will fluctuate according to the annual valuation of the trust principal, with the remainder going to the charity or charities of your choice.

### **Charitable Lead Trust**

Make a substantial gift via an irrevocable trust designed to provide fixed annual payments to one or more charities for a period of time, with the remaining assets eventually going to family members or other beneficiaries at reduced tax cost.

### **Retained Life Estate**

You can also consider donating your primary residence to the Community Foundation of Anne Arundel County, ultimately to benefit causes you care about. You can continue to live there for the rest of your life, simplifying your estate settlement. You would have the satisfaction of knowing that this generous gift is complete and the benefit of immediately reducing income taxes with an income tax charitable deduction in the year of your gift. *Note: Retained life estate gifts or other real estate must conform to CFAAC gift acceptance policies.*

# ESSENTIAL INFORMATION CHECKLIST

This checklist and inventory are designed to help you organize your important information. This will in turn help you when you prepare your will and other key planning documents. It will also help your loved ones at a time when they need it the most - if you are no longer able to make decisions for yourself or if you have passed away.

While it will take some time to complete, the time couldn't be better spent. Imagine the peace of mind that will come from knowing you have done all that you can do for yourself and your loved ones to be prepared for the unexpected. Gathering information is your first step in this process.

## You and Your Family

### You and Your Spouse

- ☐ Full Legal Names
- ☐ Addresses
- ☐ Phones
- ☐ Emails
- ☐ Dates and Place of Birth
- ☐ Social Security Numbers
- ☐ Driver's License
- ☐ Marital Status
  - Date and Place of Marriage
  - Any Pre- or Post- Nuptial Agreements
  - Widowed, Divorced, or Legally Separated
- ☐ Citizenship Status
- ☐ Employment Status
- ☐ Current or Most Recent Employer
- ☐ Military Service
- ☐ Planning documents in possession
  - Will or Revocable Living Trust
  - Healthcare Directive
  - Physician's Order
  - Life-Sustaining Treatment
  - Power of Attorney - Financial or Health
  - Personal Property Inventory

### Your Parents, Children, and Grandchildren

- ☐ Full Legal Names
- ☐ Addresses
- ☐ Phones
- ☐ Emails
- ☐ Dates of Birth
- ☐ Social Security Numbers
- ☐ Status
  - Dependent
  - Date of Adoption
  - Previous Marriage
  - Special Needs
  - Deceased
- ☐ Dates of Death
- ☐ Resting Place

### Your Pets

- ☐ Names
- ☐ Description
- ☐ Veterinarian Contact Information
- ☐ Food/Medicine/Special Instructions

*This checklist is designed to help you understand what information you will need to have organized prior to engaging an attorney and starting the estate planning process.*



# ESSENTIAL INFORMATION CHECKLIST

## Financial Information

### Social Security Payments

- ☐ Deposited to Account
- ☐ Bank Name
- ☐ Bank City/State/Phone Number
- ☐ Account Number

### Insurance Policies

- ☐ Type
- ☐ Company
- ☐ Contact Info
- ☐ Policy Number

### Pension Information

- ☐ Type of Plan
- ☐ Company Name/Address
- ☐ Benefit Value
- ☐ Named Beneficiary

### Safety Deposit Box(es)

- ☐ Location/Institution
- ☐ Address
- ☐ Box Number
- ☐ Key Location
- ☐ Who Has Access Authority?

### Tax Records

- ☐ Location
- ☐ Preparer Name and Contact Information

## Agents

- ☐ Personal Representative/Executor
- ☐ Guardian (if you have dependents)
- ☐ Power of Attorney - Healthcare
- ☐ Power of Attorney - Financial
- Names
- Addresses
- Phone Numbers
- Emails
- Relationships, if not spouse

# ESSENTIAL INFORMATION CHECKLIST

## Assets and Debts

All assets and debts should be identified as owned by you alone or jointly with spouse or co-owner if someone other than a spouse.

### Cash (Liquid Assets)

- ☐ Type
- ☐ Bank Name/Location
- ☐ Account Number
- ☐ CD Maturity Date

### Securities (Stocks, Bonds, etc.)

- ☐ Description
- ☐ Location/Firm
- ☐ Number of Shares

### Retirement Assets (IRA, 401K)

- ☐ Description
- ☐ Custodian Name/Address
- ☐ Beneficiary

### Other Income Producing Assets

- ☐ Description
- ☐ Company

### Business Interests

- ☐ Business Name
- ☐ Location
- ☐ Number of Shares/Percentage

### Real Estate

- ☐ Description
- ☐ Address
- ☐ Date Purchased

### Life Insurance/Annuities

- ☐ Description
- ☐ Name of Company
- ☐ Insured/Annuitant
- ☐ Beneficiary
- ☐ Policy Number

### Debts Owed to Me

- ☐ Description
- ☐ Debtor Name/Address



# ESSENTIAL INFORMATION CHECKLIST

## Debts

- ☐ Mortgages
- ☐ Loans (insurance, bank, personal)
- ☐ Credit Cards
- ☐ All Other Debts or Obligations
  - Description (Loan or Account Number)
  - Creditor Name

## Tangible Personal Property

- ☐ Description
- ☐ Date of Purchase

## Professional Advisors

### Name/Practice or Company/Contact Information:

- ☐ Attorney
- ☐ Financial Planner
- ☐ Accountant
- ☐ Broker
- ☐ Life Insurance Agent
- ☐ Other

## Final Instructions

- ☐ Body, Organ, Tissue Donation
- ☐ Funeral Instructions
  - Funeral Home
  - Preferred service officiant
  - Funeral Arrangements
  - Preferred resting place
  - Preferred funeral and burial, cremation, or donation instructions
  - Obituary (what you would like included)
- ☐ Personal Statement to Loved Ones
  - Take a few moments to think about what you want to say to those you love that a will or living trust doesn't convey: what you feel is important in life, how you would like to be remembered, what you would like the next generation to know or, perhaps, simply what makes you happy.

# ESSENTIAL INFORMATION CHECKLIST

## Distribution of Estate

### Gifts to Spouse/Other

- ☐ Description of Asset/Percent of Estate
- ☐ Contingent Beneficiary Name/Address
- ☐ Beneficiary Name/Relationship/Address

### Gifts to Charity

- ☐ Legal Name of Charity/Tax ID Number
- ☐ Location
- ☐ Specific Dollar Amount, Percentage of Net Estate, or Description of Asset(s)

### Residue of Estate

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Individual Beneficiaries <ul style="list-style-type: none"><li>• Names</li><li>• Addresses</li><li>• Percent of Residue</li></ul> | <input type="checkbox"/> Donor Advised Fund <ul style="list-style-type: none"><li>• Account Name/Number</li><li>• Account Advisor</li><li>• Percent of Residue</li></ul> | <input type="checkbox"/> Charitable Beneficiaries <ul style="list-style-type: none"><li>• Legal Names/Tax ID Number</li><li>• Addresses</li><li>• Percent of Residue</li></ul> |
|--|--|--|

### Gifts of Tangible Personal Property

If your state allows it, you can create a separate list for gifts of tangible personal property that can easily be changed and updated.

This includes personal items that can easily be moved such as furniture, books, jewelry, kitchen goods, china, clothes, art, and the like. If the items have a high financial value, talk with your attorney about the best way to transfer them. Whenever you update this list, make sure to make a copy and give the original to your personal representative/executor or your attorney.

- List Description
- Recipient
- Contact Information



# ESTATE PLANNING DOCUMENTS INVENTORY

## The Essential

- Will
- Letter of Instruction
- Living Trust Documents

## Marriage and Divorce

- Marriage License
- Divorce Papers

## Healthcare Confidential

- Personal and Family Medical History
- Physician
- Dentist
- Durable Healthcare Power of Attorney
- Authorization to Release Healthcare Info
- Living Will
- Do-Not-Resuscitate Order

## Life Insurance and Retirement

- Life Insurance Policies
- Individual Retirement Accounts
- 401(k) Accounts
- Pension Documents
- Annuity Contracts

## Proof of Ownership

- Housing, Land, and Cemetery Deeds
- Escrow Mortgage Accounts
- Proof of Loans Made and Debts Owed
- Vehicle Titles
- Stock Certificates, Savings Bonds, and Brokerage Accounts
- Partnership and Corporate Operating Agreements
- Tax Returns

## Bank Accounts

- List of Bank Accounts
- List of all User Names and Passwords
- List of Safe-Deposit Boxes

## Electronic Assets

- Current banking and other electronic passwords in a secure form for your heirs, trustees, or professional advisors (banking, mortgage, retirement accounts, trusts, email, social media, for example: Facebook or LinkedIn, etc.)

# RECOMMENDED LANGUAGE FOR A COMMUNITY FOUNDATION BEQUEST

**What is a bequest?** This is a gift left by your will or living trust. A bequest is an easy way to make an impact with just a few words.

**(Tax ID # 52-2098698)**

## Percentage:

"I devise to the Community Foundation of Anne Arundel County, a nonprofit corporation of the State of Maryland, located at 900 Bestgate Road, Suite 400, Annapolis, MD 21401, \_\_% of my estate."

## Specific:

"I devise to the Community Foundation of Anne Arundel County, a nonprofit corporation of the State of Maryland, located at 900 Bestgate Road, Suite 400, Annapolis, MD 21401:

(Please insert one)

1. The sum of \$\_\_\_\_\_."
2. \_\_\_\_\_shares of stock in \_\_\_\_\_Company", or
3. My real property commonly known as \_\_\_\_\_."

## Residual

"I devise to the Community Foundation of Anne Arundel County, a nonprofit corporation of the State of Maryland, located at 900 Bestgate Road, Suite 400, Annapolis, MD 21401, all the residue of my estate, including real personal property."

## Contingent

"In the event of the death of any beneficiaries, I devise to the Community Foundation of Anne Arundel County, a nonprofit corporation of the State of Maryland, located at 900 Bestgate Road, Suite 400, Annapolis, MD 21401, \_\_% of my estate (percentage, specific, or residual language as above)."

## Modification to Existing Will

Sample Codicil: [Date]

I, [name], a resident of [city] or, County of [Anne Arundel County], State of Maryland, declare that this is the codicil to my last will and testament, which is dated [date original signed].

I add or change said last will in the following manner:

[List with particularity all changes to the will. Reference each section number of the will and the specific language you will be affecting. Be as clear and precise as possible.]

Otherwise, I hereby confirm and republish my will dated [date original signed] in all respects other than those herein mentioned.

I subscribe my name to this codicil [day, e.g. 1st]

\_\_\_\_\_  
Witness

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

day of [month], [year], at [full address where signed], in the presence of [full name of first witness to codicil] and [full name of second witness to codicil], attesting witnesses who subscribe their names here in my presence.

\_\_\_\_\_  
Maker

Attestation:

On the date last above written, [name], known by us to be the person whose signature appears at the end of this codicil, declared to us, [full name of first witness to codicil] and [full name of second witness to codicil] the undersigned, that the foregoing instrument, consisting of [number of pages to the codicil] pages(s) was the codicil to the will dated, [date original signed]; who then signed the codicil in our presence, and now in the presence of each other, we now sign our names as witnesses.

\_\_\_\_\_  
Witness

Address:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



# GLOSSARY OF TERMS

**Administrator** - The person appointed by the court to manage one's estate when he or she dies without leaving a will. Administrators have the same duties as personal representatives/executors.

**Annuity** - A contractual arrangement to pay a fixed sum of money to an individual at regular intervals. The annuity secures fixed lifetime payments to the benefactor and/or another individual.

**Beneficiary** - An individual designated to receive benefits or funds under a will or other contract, such as an insurance policy, trust, or retirement plan.

**Bequest** - A gift left by will, typically personal property or assets.

**Codicil** - A legal instrument made to modify an earlier will.

**Community Foundation** - A public charity whose mission typically is to support a geographical area. The charity mainly facilitates, and pools donations used to address community needs and support local nonprofits.

**Donor Advised Fund** - An account that is maintained and operated by a sponsoring charitable organization. Once the donor makes the contribution to establish the fund, the organization has legal control over it. However, the donor retains advisory privileges with

respect to the distribution of funds and the investment of assets in the account.

**Estate** - The legal entity which manages and distributes a deceased person's property.

**Estate Tax** - Federal and state taxes as applicable, on the value of the property held by an individual at his or her death (paid by the individual's estate).

**Personal Representative or Executor** - The person named in a will to manage the estate. This person collects the property, pays any debt and distributes the property or assets according to the will.

**Grantor** - The person who transfers assets into a trust for the benefit of him/herself or others.

**Guardian** - An individual legally appointed to manage the rights and/or property of a person incapable of taking care of his or her own affairs.

**Heir** - A person entitled to inherit a portion of the estate of a person who has died. The heir may inherit by the terms of a will or, if there is no will, the heirs are those defined as beneficiaries according to the law.

**Intestate** - The term applied when an individual dies without a will.

**Legacy** - The impact you leave upon the world after your time.

**Living (Revocable) Trust** - A revocable trust established by a grantor during his or her lifetime in which the grantor transfers some or all of his or her property into the trust.

**Living Will** - Instructions specifying decisions regarding an individual's health if they are no longer able to make decisions due to illness or incapacity, and appoints a person to make such decisions on their behalf.

**Power of Attorney** - A written legal document that gives an individual the authority to act for another.

**Probate** - The court supervised process of administering the estate of a deceased person by resolving all claims and distributing the deceased person's property under a valid will.

**Trust** - A written legal instrument created by a grantor for the benefit of him/herself (during life) or others (during life or at death).

**Trustee** - The individual or institution entrusted with the duty of managing property placed in the trust. A "co-trustee" serves as trustee with another. A "contingent trustee" becomes trustee upon the occurrence of a specified future event.

**Will** - A legally executed document that directs how and to whom a person's property is to be distributed after death.

Whether you are an existing fund holder, or just beginning to explore options to create a personal giving plan, CFAAC is here to support you and your family. We can add value to your process by expanding your knowledge of giving options and assisting with identifying and implementing your goals for charitable giving. To tailor a plan for your particular needs, reach out for a consultation with CFAAC or invite us to join a meeting with your professional advisors. Consultations are always completely confidential, free, and without any obligation.



900 Bestgate Road, Suite 400  
Annapolis, MD 21401

[www.cfaac.org](http://www.cfaac.org)  
410.280.1102