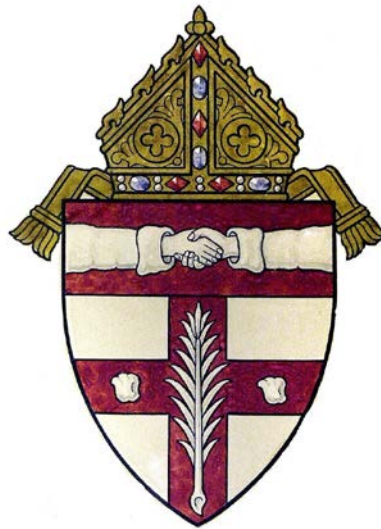


ESTATE PLANNING GUIDE for



DIOCESE OF OWENSBORO

Office of Stewardship & Development

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Estate Planning Guide

In This Section

- 1: You Need a Good Estate Plan**
- 2: What is a Good Estate Plan?**
- 3: One Size Does Not Fit All**
- 4: Minimizing Your Tax Liabilities**
- 5: The Basic Planning Tools**
- 6: Who Can Help You**
- 7: What Are You Waiting For?**

Revised, February 2010



1: You Need a Good Estate Plan

A good estate plan will help you anticipate the future and manage the present. It is in your best interest and in the interest of your heirs to make sure that your intentions are clear.

Estate planning is usually not a do-it-yourself project. You'll be faced with critical decisions that only a professional estate planner can help you make.

Simply defined, estate planning is the process of thoughtfully providing for the efficient transfer of your assets to your heirs and charitable interests in accordance with your wishes. It is a testament that affirms not only how your estate will be distributed, but also what kind of a legacy you will leave behind and the impact it will have for future generations.

Estate planning isn't just for the rich or older people. Everyone should do it. It can begin with the simplicity of writing a will, but it can also involve trusts, changing beneficiaries of life insurance policies and retirement accounts, selecting guardians for minor children, providing lifetime income for yourself and others, minimizing taxes and other estate settlement costs or passing on business interests and providing for your charitable interests.

Here you can learn how to get started. A little informed preparation can go a long way in building your confidence in this process.

2: What is a Good Estate Plan?

That depends entirely on your individual needs and desires.

Simply stated, a good estate plan is one that guarantees all your final wishes will be faithfully executed, providing you with peace of mind while providing your beneficiaries with the assets you wanted them to have.



Estate plans are not just for older people or for those with significant financial resources, they're for anybody and everybody who cares about the continuation of their financial commitments even after they themselves are no longer around.

These commitments may include:

- Securing the future financial welfare of your surviving spouse.
- Providing for the support or special needs of your children or grandchildren, especially minors with costly illnesses or disabilities.
- Providing or continuing support to your favorite non-profit organization.
- Minimizing the legal wrangling that occurs when settling the assets of an estate. Hastening the distribution of funds can incur fewer expenses for the estate and get funds to the people and institutions who are counting on them.
- Avoiding the need to sell off assets by providing in advance for necessary expenses that will occur.
- Coordinating all your legal documents into one cohesive package, which includes those beneficiaries you wish to receive your insurance and retirement benefits.
- Preparing flexible documents allowing for adjustments to account for frequent changes in tax laws and other legal issues, many of which will be occurring on a yearly basis through 2010.
- Avoiding lawsuits, personal resentment and general confusion by making your intentions clear to your survivors.
- Preserving your privacy. Once the estate is opened the will becomes public, but a good estate plan can keep prying eyes and noseys from otherwise invading your family's private business.

And speaking of family business, if you have one, a good estate plan must also provide for its survival and perpetuation.



3: One Size Does Not Fit All

As you can see estate planning is not as simple as merely making out a will.

There are many complex issues to be addressed and one form or formula is not going to adequately cover every asset or every beneficiary.

- Take a complete inventory of your personal property assigning realistic values to the assets. You may be surprised to learn the current value of an asset you are planning to give to a family member.
- Make a list of your beneficiaries, duly noting any characteristics that may determine the method and circumstances by which you assign them certain assets. Remember beneficiaries may be organizations and charities as well as individuals.
- Keep your spouse in the loop from the get-go. It's not only a matter of respect and consideration, but coordinating both plans often leads to additional savings for the estate. In reality it's a good idea to discuss your plans with as many family members as possible.

Providing complete information to your estate planner is essential when preparing your estate plan and will go a long way toward the fulfillment of your final wishes, possibly reducing or even eliminating some tax liabilities.

4: Minimizing Your Tax Liabilities

Practically everything you own or have control over can be subject to some form of tax when you try to pass it through your estate; federal estate, gift and generation-skipping taxes, plus state inheritance tax, can all take their toll.

Not all of us will be subject to federal tax; if the value of your estate is under approximately \$1 million at your death, and you die after December 31, 2010, it will not be taxed by the federal government. But for estates valued over that amount,



creative estate planning can avoid or minimize tax liabilities.

Some things you may want to consider:

- Some strategies may call for you to relinquish control of certain assets during your lifetime.
- If the value of some of your assets decreases, tax savings realized by your estate tomorrow may not justify the expense of elaborate planning today.
- Many changes in federal estate tax law were enacted in 2001; if your current estate plan precedes that date it may be time for another review.
- Similarly, estate tax rules may well change again in the vagaries of Washington politics. Keep your plan up-to-date.

Creative planned gifts can be among the least-complicated, least-costly tools to minimize estate taxes.

5: The Basic Planning Tools

Although a will is the essential estate planning tool, it is not, as most people believe, carved in stone. A will may reflect your written intentions for the disposition of your estate but unfortunately it may not be the final word; there are several instances where the instructions of a will can be overridden by:

- Property held in trust
- Named beneficiaries of retirement plans
- Partnerships or other business agreements
- State laws

It's a good idea to familiarize yourself with all the basic tools of estate planning so you and your planner or planning team can make the best informed decisions regarding the distribution of your assets.



6: Who Can Help You

Even if you only need a simple will, it is advisable to seek the help of a qualified attorney. Writing a will is one of the least expensive legal tasks that you can request and it is *well worth* the investment to have it done by an expert.

For dealing with estate and inheritance taxes, probate with assets in more than one state, and/or setting up any kind of a trust, an attorney becomes a necessity. Both federal and state estate laws are changing every year. Therefore, it is advisable to select an attorney who specializes in estate and probate law, just as you would want a physician who specializes in cardiology to care for your heart.

A Good Choice to Make

Working with an experienced financial planner is also a good choice when it comes to putting together a well-designed estate plan. Again, you want to select someone who has broad experience in advising clients in regard to estate planning. An advisor with a well-known and respected credential such as a CFP (Certified Financial Planner) is a wise choice.

Our office can offer advice regarding the creative planned gifts that best meet your estate planning objectives.

How to Find the Help?

There are several ways to find a good estate planner from the old fashioned “let your fingers do the walking” to recommendations from friends and business associates. In all cases you will definitely want to interview the candidates. Much of estate planning is up close and personal, family business or confidential information and you should feel comfortable in discussing this information with your planner.

The association really needs to be a good fit; alterations are not free.

The cost of a *basic estate plan* can run between \$300.00 and \$2000.00 **depending on the complexities involved. A basic trust plan may run between \$1800.00 and**



\$3000.00, possibly more depending on the size of the estate and the complexities involved. A good estate planner should be able to give you a pretty close estimate of what the plan will cost depending on your special requirements and needs as well as making sound judgments and recommendations on your behalf. This is a highly specialized area requiring a highly competent, experienced individual.

Don't settle for less. Small mistakes can lead to *big problems* for you and your beneficiaries.

What Do I Need to Do to Prepare For an Attorney?

In an effort to help you get organized and gather the information your attorney will need to advise you with your estate plan, we include here in this kit a Will Planning Wizard that should assist you.

The more you prepare before-hand, the less time your attorney will need to prepare your documents. Which, of course, is good since he or she will likely be charging you by the hour!

7: What Are You Waiting For?

Of course you've known all along how important estate planning is — right? You were just waiting for someone to give you a shove.

Deciding how to distribute your wealth may not be the most pleasant chore in the world. It may be a reminder that you are indeed a mere mortal after all. But it's time to get started and nothing else can bring you closer to immortality than planning your estate.

It's probably the most important thing you'll ever do for your personal peace of mind and the well being of your family.



Frequent Questions

Why is a will so important?

We spend a lifetime building, preserving and managing our estates. Thus, it is only right that we make thoughtful choices about how our estate will be distributed at death. Another critical issue for people with minor children is who will become the legal guardian of the children in the event of an untimely death of both parents. A will is essential to accomplishing these objectives. (Jointly owned assets and named beneficiaries of a life insurance policy or retirement plan will not be affected by the lack of a valid will, unless those named are no longer living.)

Do I need a revocable living trust?

A revocable living trust is a trust you create during your life, titling all or selected assets to it which will be managed by a trustee. It is revocable because you can terminate the trust at any time during your life. You can serve as the trustee during your life if you wish. At death, the trust will distribute or continue to manage the assets within the trust in accordance with your wishes. There are some distinct advantages to a living trust. They include:

- All trust assets will be distributed or managed as you wish at your death and will not be reviewed by the Probate Court, thus saving probate court costs. If you own property in another state other than your state domicile, your estate will avoid being subject to more than one probate court.
- In your living trust you can appoint a successor trustee to manage trust assets in the event that you can no longer do so. At death, the trustee can continue to manage trust assets for any living beneficiaries for their lives or for a term of years.
- A living trust will preserve your family's privacy in contrast to the Probate Court, which has public access.



A living trust is not a device that will save you estate or inheritance taxes, but it can assist you in reducing your estate settlement costs. You can still name and benefit your charitable interests in your living trust. You would use the same kind of bequest language that you would use in a will.

What is a durable power of attorney?

This is a legal document in which you appoint an individual as your “attorney-in-fact” giving that person the legal power to take charge of your financial affairs in the event of incompetence or disability.

What is a power of attorney for health care decisions?

This is a legal document in which you appoint an individual as your “attorney-in-fact” giving that person the legal the power to make decisions about your medical treatment in the event of incompetency. Such a power is often used in conjunction with a living will.

What is a living will?

This is a legal document in which you indicate whether or not you would want your life to be “artificially prolonged” in an injury, disease or terminal condition that prevents you from communicating your wishes to medical professionals. Living wills are often used in conjunction with a power of attorney for health care.

What is a testamentary trust?

As opposed to a living trust which is created during someone’s life, a testamentary trust is created in a will and goes into effect only upon the death of a decedent. The purpose of such a trust is to provide assets and income for someone after your death.



Will I have to pay estate or inheritance taxes?

Under current law the federal estate and generation skipping taxes were repealed on January 1, 2010 for one year only. However, in 2011 federal estate taxes will be charged on all estates worth more than \$1 million unless Congress makes additional changes between now and then. It is also possible that Congress may close the current loophole before the end of this year.

Depending on which state you live in, your estate may be subject to state estate taxes and/or inheritance taxes. It is also important to consider how you attempt to pass IRA or other similar retirement fund assets to children, since these distributions will also be subject to income taxes. For many estates, careful planning is essential to minimize the impact of taxes on the estate. A qualified professional should be able to assist you with this. Finally, any assets you wish to pass on to us for our charitable purposes will avoid all taxation. In some cases, it's a choice: give some of the value of your estate to the government or to charity. It is your choice if you will do the proper planning.



ESTATE PLANNING PREPARATION FORM

CONFIDENTIAL FOR YOUR ATTORNEY

Disclaimer/Important:

This is *not* a will, nor is it a legal document.
It is designed to help your attorney to help you in preparation of your will.

I. PERSONAL

- a. Name:
- b. Spouse's Name:
- c. Home Address:
- d. Mailing Address (if different):
- e. Home Telephone:
- f. Work Telephone:
- g. Your Date of Birth:
- h. Spouse's Date of Birth:
- i. Your Social Security Number:
- j. Spouse's Social Security Number:
- k. Marriage Place and Date:
- l. Citizenship:

II. PRIOR MARRIAGES

- a. Name of Former Spouse:
- b. Date of Marriage:
- c. Specify if the marriage terminated by death or divorce:
If terminated by divorce, please attach dissolution decree.
- d. Date of Termination of Marriage:
- e. List any relevant information regarding any obligations, child support or maintenance that is not contained in any dissolution decrees you have attached to this form:



Please note: If you have been previously married more than once, please provide all requested information for any additional spouses on a separate sheet.

III. CHILDREN

Please note: Please list any adopted children under the applicable categories and indicate that they are adopted. Also, please indicate if any children are deceased.

- a. List all children from your current marriage, providing their names, dates of birth and addresses if different from your own:

Name	DOB	Address

- b. List all children from any previous marriage or relationship, providing their names, names of the other parent, dates of birth and addresses if different from your own:

Name	Parent's Name	DOB	Address



- c. List all children of your spouse from any previous marriage or relationship, providing their names, names of the other parent, dates of birth and addresses if different from your own:

Name	Parent's Name	DOB	Address

IV. DEPENDENTS

Are there any persons, other than minor children, who are partially or wholly dependent upon either you or your spouse for support now or possibly in the future? If so, please list their name and address and describe the nature of the relationship:

Name	Address	Relationship



V. OTHER FAMILY MEMBERS

- a. List the names, dates of birth, parentage and current addresses of any grandchildren of you or your spouse:

Name	DOB	Parentage	Address

- b. List the names, addresses and birth dates of your parents, if still living:

Name	Address	DOB

- c. List of the names, addresses and birth dates of any living siblings:

Name	Address	DOB



TRUSTS

- d. Do you currently receive income from a trust?
If so, please attach a copy of the trust document.
- e. Does any family member expect to be named a beneficiary or remainderman to a trust? If so, please describe:

VI. INSURANCE

- a. Are there any life insurance policies in existence for either spouse?
- b. If so, please indicate the name of the policy holder and provide information regarding:
 - 1. Policy Holder:
 - 2. Name of Company(ies):
 - 3. Type of Insurance:
 - 4. Amount and Cash Surrender Value:
 - 5. Designated Beneficiary(ies):

VII. ASSETS IN JOINT TENANCY

Do you own any real or personal property as joint tenants with your spouse or third parties? If so, please explain:



VIII. RETIREMENT BENEFITS

- a. Are you enrolled in a retirement plan?

- b. If so, please provide information regarding the type of plan, current value and beneficiary designation:
 - 1. Type:
 - 2. Current Value:
 - 3. Beneficiary Designation:

IX. GIFTS OR INHERITANCES

- a. Are either you or your spouse likely to receive any gifts or inheritances? If so, please describe:

- b. Do either you or your spouse make, or intend to make, regular gifts to any person? If so, please describe:



X. ASSET AND LIABILITY SCHEDULE

Please estimate your assets and liabilities:

Assets	Approximate Value
Real Property	
Stocks and Bonds	
Checking/Savings/Other Monetary Accounts	
Cash Value of Life Insurance Policy	
Retirement Benefits	
Miscellaneous Property (including furniture, antiques, automobiles, boats, collections, etc.)	
Total Assets:	
Liabilities	Approximate Value
Mortgage or Deed of Trust or other amounts owed on real property	



Other Loans from Financial Institutions (consolidated loan, home equity loan, etc.)	
Student Loan	
Amounts owed on credit cards	
Other liabilities	
Total Liabilities:	
Net Worth (Assets – Liabilities) =	

XI. REAL PROPERTY

Please attach a copy of the deed for each parcel of real property that you own.

XII. WILL PROVISIONS

- a. **Personal Representative.** A Personal Representative administers your estate in accordance with the instructions contained in your Will. Please list a first choice and an alternate, in case the person who is your first choice predeceases you or is unable to serve:

First Choice:

Name:

Address:

Relationship:



Alternate:

Name:

Address:

Relationship:

b. **Distribution**

1. Please list the individuals to whom you wish to leave your estate, providing instruction as to what percentage shall be received by each beneficiary.

Beneficiary:

Percentage:

Beneficiary:

Percentage:

Beneficiary:

Percentage:

2. If any of your designated beneficiaries should predecease you, do you want to distribute the gift among surviving beneficiaries? Or pass the gift to the children of deceased beneficiary?

- c. **Guardianship.** If you die before your children reach the age of eighteen, who do you wish to serve as their guardian?

Name:

Address:

Relationship:

Alternate:

Name:

Address:

Relationship:

- d. **Charitable Interests.** Please list those charitable organizations, including your church and/or synagogue, that you would like to bequeath an interest from your estate, and the approximate amount(s) you would like to leave to each:

Organization:

Amount:

Organization:

Amount:

Organization:

Amount:



- e. **Testamentary Trust.** If you wish, you can create a testamentary trust in your Will to become effective upon your death. The classic reason to establish such a trust is to ensure the well-being of your minor children, finance their education, etc. However, a testamentary trust can be created to accomplish a wide variety of goals. If you are interested in creating a testamentary trust, or have questions, please indicate your wishes and questions below.

XIII. DURABLE POWER OF ATTORNEY

The Durable Power of Attorney becomes effective upon the proven incompetency of an individual to handle his or her own affairs. In this document, you would name a person who would take charge of your affairs (known as your “attorney-in-fact”). The value of this document is that it eliminates the need to establish a guardianship in the event of incompetency. An attorney-in-fact has the power to take any legal action that you would otherwise undertake yourself, including the transfer of funds or purchase or sale of real property, on your behalf.

- a. Do you need this document prepared?
- b. Who do you wish to nominate as your attorney-in-fact?

Name:

Address:

Relationship:

Alternate:

Name:

Address:

Relationship:

- c. Do you have questions? If so, please list:



XIV. POWER OF ATTORNEY FOR HEALTH CARE

The Power of Attorney for Health Care authorizes the designated attorney-in-fact to authorize or withhold medical care if you are unable to do so yourself. The person so designated should be a person with whom you have discussed issues such as use of medical means to prolong your life artificially. Your attorney-in-fact should be a person in whose judgment you trust.

- a. Do you need this document prepared?

Who do you wish to nominate as your attorney-in-fact?

Name:

Address:

Relationship:

Alternate:

Name:

Address:

Relationship:

- b. Do you have questions? If so, please list:

XV. DIRECTIVE TO PHYSICIANS (LIVING WILL)

The Directive to Physicians clarifies a person's wish not to have his or her life "artificially prolonged" in the case of any injury, disease or terminal condition rendering such person unable to communicate.

- a. Please indicate whether you need this document prepared.
- b. Do you have questions? If so, please list:



XVI. PETS

Please indicate whether you are interested in having a trust to make sure that your pet is taken care of in the event of your death.

XVII. OTHER

Is there any other information that you think may be important in planning your estate that I have not addressed? Please specify:

Please list your current professional legal and financial advisors here:

- **Attorney:**

Name:

Address:

Phone:

- **Accountant:**

Name:

Address:

Phone:

- **Stock Broker:**

Name:

Address:

Phone:

- **Insurance Agent:**

Name:

Address:

Phone:



Options for Next Steps:

1. Free, no obligation and confidential consultation with us.
2. We can review your estate information with you; initially advise you regarding what information you have or don't have, and what documents you will need; and assist you with bequest language, beneficiary designation language or life income gift arrangements.
3. Bring this completed form to your attorney to begin the process of drafting the estate documents you will need. We can work directly with your attorney in drafting any bequest language for your will, revocable living trust, retirement plan or life insurance designation.



Sample Bequest Language

A gift to your favorite Catholic organization in your will or revocable trust is an expression of your faith and love of God. Through your will, you can continue to build God's kingdom on earth even after your death. A bequest:

- Is easy to arrange.
- Will not alter your current lifestyle in any way.
- Can be easily modified to address your changing needs.

Residual Bequest Language

A residual bequest goes to your favorite Catholic organization after your estate expenses and specific bequests are paid:

I give and devise to [Parish/Organization], located in [CITY], [STATE], all (or state a percentage) of the rest, residue and remainder of my estate, both real and personal, to be used for its general support (or for the support of a specific ministry, fund or program).

Specific Bequest Language

Naming your favorite Catholic organization as a beneficiary of a specific amount from your estate is easy:

I give and devise to [Parish/Organization], located in [CITY], [STATE], the sum of \$_____ to be used for its general support (or for the support of a specific ministry, fund or program).

Contingent Bequest Language

Your favorite Catholic organization can be named as a contingent beneficiary in your will or personal trust if one or more of your specific bequests cannot be fulfilled:



If (insert name) is not living at the time of my demise, I give and devise to [Parish/organization], located in [CITY], [STATE], the sum of \$ _____ (or all or a percentage of the residue of my estate) to be used for its general support (or for the support of a specific ministry, fund or program).

Retirement Plan Beneficiary Language

You may name your favorite Catholic organization as a beneficiary of your IRA or other qualified retirement benefits. Donors should consult with their tax advisor regarding the tax benefits of such gifts.

Naming a Catholic organization as the beneficiary of a qualified retirement plan asset such as a 401(k), 403(b), IRA, Keogh or profit sharing pension plan will accomplish a charitable goal while realizing significant tax savings. It can be costly to pass such assets on to heirs because of heavy tax consequences. By naming your favorite Catholic organization as a beneficiary of a retirement plan, the donor maintains complete control over the asset while living, but at the donor's death the plan passes to support your favorite Catholic organization free of both estate and income taxes.

Making a charitable gift from your retirement plan is easy and should not cost you any attorney fees. Simply request a change of beneficiary form from your plan administrator. When you are done, please return the form to your plan administrator and notify the Catholic organization of your intent. We can also assist you with the proper language for your beneficiary designation to the Diocese of Owensboro.



SAMPLE CODICIL

[date]

I, *[name]*, a resident of the County of *[county]*, State of *[state]*, 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 all specific changes or additions to the original will. Reference each section number of the will and the specific language you will **be affecting**. This is where you could include a bequest to our mission. See our suggested bequest language that can assist you.]*

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 this *[day, e.g. 1st]* day of *[month]*, *[year]*, at *[full address where signed]*, in the presence of *[full name of first witness to codicil]*, *[full name of second witness to codicil]*, and *[full name of third witness to codicil]*, attesting witnesses, who subscribe their names here in my presence.

Maker

ATTEST

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]*, *[full name of second witness to codicil]* and *[full name of third witness to codicil]*, the undersigned, that the foregoing instrument, consisting, of *[number of pages to codicil]* page(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

Witness

Address:

Address:



How to Make Your Government *Love* You

We've come up with an idea to get the government to help you and your family in ways you never imagined. And, it can be a surefire way to make your government *love* you. Why? You'll be giving the government even more power! And, you could be making Uncle Sam your happiest heir!

Follow this advice and you'll make Uncle Sam a cheerful fellow! Read on.

Don't write your will. Without a will the court will get to decide how to disburse your assets. Of course, the court doesn't know you have stepchildren you're fond of, or that you want to remember a few of your favorite charities in your will--and the court doesn't care.

Don't write your will. Without a will the court will select someone to handle your estate during probate. Even if you would have selected a close friend to have this responsibility, the court won't know that and won't care.

Don't write your will. If you have minor children for whom guardianship is important, guess what, the court can pick a guardian for you. This means you can sit back and relax – the court will decide who should care for your kids. Wouldn't you rather make that decision?

Don't write your will. The estate tax dollars that your government could collect will be used for, well, anything the government chooses. Just think what a few of your favorite charities – those you've been supporting during your life -- could do with that money.



Don't write your will. Your heirs will be grieving after you are gone. Why not saddle them with the added responsibility of figuring out your affairs, what decisions you might have made; because now they will just have to guess?

So, you now know that there are some very important reasons for writing your will. Please do not subscribe to the idea that you, your family, and the Catholic organizations you care about are better off if you die without a will. Don't continue to put off the minor inconvenience of making a will. The peace of mind will be worth every minute of time you spend on getting your will done.

Your family will be thankful. Your favorite Catholic organizations will be thankful.

Don't be nervous about meeting with an attorney. An attorney who specializes in wills and estate planning is the right person to seek out because they can help you accomplish your goals.

Writing a will is too important to delay. It's important for you, your heirs, and for your favorite Catholic organizations.

If you have any questions, please call the Office of Stewardship and Development at 270-683-1545.



Are You Exercising Your *Will Power*?

Most people just never get around to making a will because they don't *exercise their will power*. Will power is what motivates you to ignore all the reasons that you could come up with not to write a will. And it can seem like there are plenty of good reasons:

- Let's start with the most unsettling. Talking about a will and what you want to do with your assets means coming face to face with mortality. Do you really want to get to work on a project that makes you consider *that*? Why not ignore the whole thing — maybe it will go away! With some *will power*, though, you can start doing what needs to be done.
- Next: we know that a will is a legal document that should be put together by an attorney who specializes in estate planning. OK, attorneys make some of us uneasy. Who's this know-it-all poking their nose into your family and finances? How do you know he/she's any good, anyway? Plus, after your meeting, you were sent out with *homework* – information to gather, documents to assemble, decisions to make. Can't you just write something on the back of an envelope and be done with it? *Will power* calms you down. It tells you that you can seek recommendations and meet informally with several lawyers until you find the one you're comfortable working with. It tells you that the lawyer is a trained professional acting in *your* behalf when he or she pushes to get a complete picture of your needs and plans. And will power reminds you that short-cuts now will mean trouble for your family later.



- What if you have an uncomfortable family situation that you'd rather not have to take into account? Writing your will means dealing with that prickly situation, which in turn could mean added complexity in the disposition of your assets. You could just ignore the situation that causes you discomfort. *Will power* warns you that by not dealing with the situation now, while you're alive, you could bring a much worse burden to your family later on.

Bottom line? *Will power* reminds you that planning your estate isn't really for your benefit – it's for the benefit of the family, friends and organizations you will leave behind. Your will makes it easier on them, because it tells them exactly how your affairs will be settled. Without *will power*, you could leave your family grieving *and* in conflict or economic turmoil. Having a will does make a difference – we've witnessed first-hand at the Diocese of Owensboro the peace of mind a lovingly planned will has brought to the families of our donors.

Finally, *will power* assures you that your support of your favorite Catholic organizations that have meant the most to you can be carried forward for generations to come. A charitable bequest to your favorite Catholic organization does build strength and helps ensure that ministry will continue for years to come. Your Will can create a meaningful gift that satisfies you and supports God's mission. If you have any questions, please call the Office of Stewardship and Development at 270-683-1545.



8 Pitfalls in Writing Your Will

Planning your estate through a will is a process to be undertaken carefully, and you should be wary of certain incorrect assumptions or mistakes people sometimes make:

Thinking you don't need a will, or that only rich people need a will.

Don't you believe it. *Everyone* needs a will. If you own property, or even if you anticipate your estate will be small, it's still important to have a will: protecting your assets through an estate plan will avoid delays and expenses that reduce the size of your estate.

Thinking you only need a will if you have dependents.

Again, anyone who owns property needs a will if they want to have a say in who receives it. A will reduces delays, reduces probate costs (the legal process of proving a will is authentic) and other costs, and minimizes estate taxes.

Believing the state will take care of everything for you.

If you die *intestate*, or without a legal will, you have no way of ensuring your assets will be distributed as you would like – you give the state where you live the right to decide who will receive your property – and, assets may go to heirs that you had no intention of providing for.

Since state law can't provide for every possibility, your assets will be distributed through a one-size-fits-all plan: usually children receive equal amounts, and there are no provisions for special gifts for friends or for your favorite Catholic organization. Preparing a proper will is the only way you can be sure that your loved ones are taken care of and that your favorite charities are remembered as you wish.



Thinking you don't need a will because your property is held jointly with your heirs with rights of survivorship.

There can be advantages to doing this, but joint ownership does not reduce the need for a will, and can even create unintended gift tax liability. It can also deny you control over your property while you're still living.

Writing your will by hand.

A handwritten will is not legal in every state. Yes, there are places where a handwritten will – known as a *holographic* will – is perfectly valid, but is saving the cost of an attorney's fee worth the risk of having your will invalidated? Keep in mind that the cost of having a qualified attorney draft your will is generally only a few hundred dollars.

Not keeping your beneficiary designations up-to-date.

When you establish savings accounts, annuities, life insurance policies, and individual retirement accounts, you name beneficiaries as part of the process. You should be aware that these named beneficiaries will take legal precedence over any instructions in your will about distributing your assets. When you draft your will, be sure to review all of your accounts – savings and retirement accounts, as well as life insurance policies – to make sure your assets will go where you want, and will benefit the people and Catholic organizations of your choice.

And then you need to review your plans periodically because life happens, and things change. Tax laws change. Beneficiaries or executors may die before you do. Estate values grow or shrink. Children grow up, or marry, or go to college. Family members divorce. Friends become estranged. Charitable wishes may change when charities change.

A periodic review of your will ensures that your estate plan continues to match your state of mind.



Believing you're too young to need a will.

Don't fall into this trap. Actually, this is when you need a will the most. A properly drafted will is your way to provide detailed instructions for the care of young children, and provides you with the foundation you need to build a strong financial future. You can always update your will as needed to reflect changes in your financial situation.

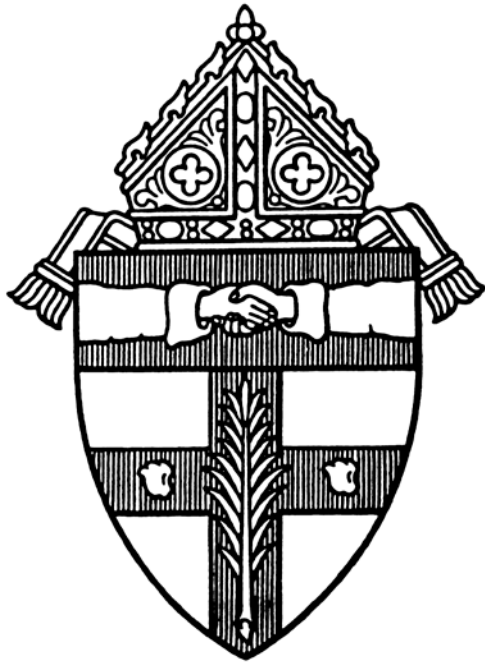
Leaving everything to your spouse:

This is the obvious choice for many people, but there are a few issues to consider:

- If an accident claims you and your spouse beneficiary at the same time, the state may be in control of distributing your assets.
- If your spouse is not the parent of your children, even if you both agree on what to do with your property upon your death, there is always the possibility that unintended beneficiaries may receive your property.
- Your spouse may not feel the same way you do about an heir or charity. This may mean that bequests you would like to make go unfulfilled.

So, unless you have a crystal ball and can predict the future, an up-to-date will should be on your 'to do' list. If you already have a will, we encourage you to review it every five or so years or at the time of a significant event – marriage, birth of a child, death of an heir, interest in a new charity, loss of a special friend, acquisition of a major asset. And, when you take time to review it, please consider a bequest to your favorite Catholic organization if you haven't already

Many of the changes you might want to make to update your will don't require writing an entirely new document. In fact, many can be handled by using a *codicil* (or amendment) to your will. A codicil is then attached to your original will, to be executed with your will.



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