At the heart of Charity is Love.

Will and Estate Planning Guide
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Thank you for downloading CFGP’s Will and Estate Planning Guide. Whether you are planning to make your first will or are in the process of revising and updating an older will, we encourage you look at this process as an act of stewardship. Stewardship is the concept of making the wisest use of what we have both for our own welfare and that of all others.

Creating an estate plan is a caring and selfless act, as it puts others ahead of ourselves. By making a plan, we spare loved ones the trouble, expense and emotional upset that often results when no plan has been made. We encourage you to continue taking the steps necessary to have your will completed. Although it is not a difficult process, there are many who postpone until it is too late. When your will or other estate planning instrument is completed you will have satisfaction and peace of mind.

If we can be of assistance, particularly if you would like to make a charitable bequest to The Catholic Foundation of Greater Philadelphia, please contact our office at (215) 587-2442 or email contactus@catholicfoundationphila.org.

This information may be used for educational purposes only. These materials do not constitute legal or tax advice. We strongly suggest that you consult with a tax professional concerning any tax matter. For additional information please contact:

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Benefits of Planning Your Estate

An estate plan is designed to help you provide for those you love and protect both you and your family. In addition, a good plan will provide for you in your senior years. It may be important to designate a specific person to manage your property, help doctors and other medical staff with important decisions and make certain that you are receiving the best possible care. An estate plan can increase your lifetime security and achieve your goals for family and charity.

Some people believe they don’t need a plan because they don’t own much. They may think that estate planning is only for the wealthy. Apart from our tendency to underestimate the total value of what we own, the fact is that good stewardship is not about how much we have, but how we make use of it. Each of us has property that is worth something. Even if your property had to be sold, the proceeds could be beneficial to someone or used to help the work of a charity.

Make a Plan

Apart from the wise distribution of your property, there are many other important reasons why you should have a will:

- You can name your executor or executrix.
  - Sometimes referred to as a personal representative, this person will handle your estate according to your instructions. He or she will handle all legalities, file taxes, pay bills, and manage your estate until all matters have been settled.

- You can choose an individual, bank or trust company specifically experienced to manage and invest your estate.

- You can create trusts for your spouse, children or others.
  - Trusts will protect your estate against loss or dissipation by heirs inexperienced in managing money. Trusts can also save taxes.

- You can name someone to care for your children and determine how their property should be managed.

- You can make gifts to your school, church, hospital, community foundation or charity such as CFGP. You can also make gifts to individuals who are not related to you.

- You can take advantage of planning opportunities that may reduce or eliminate estate taxes. If taxes are still payable, you can specify from whose share of the estate they are to be paid.
## Elements of Your Estate Plan

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Will/Trust</strong></td>
<td>A will or trust should be one of the main aspects of every estate plan, even if you don’t have substantial assets. Wills help to ensure that property is passed according to an individual's wishes. In addition, some trusts help limit estate taxes or legal challenges.</td>
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<tr>
<td><strong>Durable Power of Attorney</strong></td>
<td>A durable power of attorney (POA) allows an agent or a person you assign to act on your behalf in the event of your disability. This document can give your agent the power to transact real estate, enter into financial transactions and make other legal decisions literally as if he or she was you. This type of POA is revocable by the principal at a time of his or her choosing, typically a time when the principal is deemed to be physically able, deemed mentally competent or upon death. Absent a power of attorney, a court may be left to decide what happens to your assets.</td>
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<tr>
<td><strong>Beneficiary Designations</strong></td>
<td>A number of your possessions can pass to your heirs without being dictated in the will (a 401(k) plan for example). This is why it is important to maintain a beneficiary (and a contingent beneficiary) on such an account. In fact, all retirement accounts and insurance plans should contain a beneficiary and a contingent beneficiary because they too typically pass outside of a will.</td>
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<tr>
<td><strong>Letter of Intent</strong></td>
<td>A letter of intent is a document left by you to your executor or to a beneficiary. The purpose is to define what you want done with a particular asset after your death or incapacitation. In addition, some letters of intent also provide for the details of the funeral or other special requests. While a Letter of Intent is not a legal instrument and will not outweigh a will or trust document, it helps inform a probate judge of your intentions and may help in the distribution of your assets if the will is deemed invalid for some reason.</td>
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<tr>
<td><strong>Healthcare Power of Attorney or Advance Directive</strong></td>
<td>With a healthcare power of attorney, you designate another individual (typically a spouse or family member) to make important healthcare decisions on your behalf in the event of incapacity. An Advance Directive is a document that conveys how you want to be treated if you become seriously ill and can no longer communicate your wishes. In an Advance Directive, you state the extent to which you want to receive life-sustaining treatment. This document can serve to guide medical or nursing home staff, as well as your health care agent.</td>
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Frequently Asked Questions

Do You need a lawyer?
You do not need a lawyer to make your will but may benefit from a lawyer’s expertise. There are also do-it-yourself resources such as preprinted forms, computer programs or online resources. These methods of preparing your own will may do the job depending on your personal situation. A professional should always be consulted for complex estates. If you make your own will using preprinted forms or a computer program, check with your local probate court to see if it is acceptable in your state. Every jurisdiction is different and there are strict requirements and procedures to prevent fraud.

Note: A holographic will is one that is entirely written in your own handwriting, signed and dated. If any part of the will is typed or mechanically printed, it is technically not a holographic will, and will necessitate other requirements for validity.

How Do You Execute (Sign) a Will?
Wills must be signed in the presence of witnesses and certain formalities must be followed or the will may be invalid. In many states, a will that is formally executed in front of witnesses with all signatures notarized is deemed to be “self-proving” and may be admitted to probate without the testimony of witnesses or other additional proof.

Note: A beneficiary named in your will should never be a witness.

What Happens if You Die Without A Will?
If you die intestate (without a will), your state's laws of descent and distribution will determine who receives your property by default. These laws vary from state to state, but typically the distribution would be to your spouse and children, or if none, to other family members. That plan may or may not reflect your actual wishes. A will allows you to alter the state's default plan to suit your persona preferences. It also permits you to exercise control over personal decisions that general state default provisions cannot address.

What is the Probate Process?
Probate is a legal process that takes place after someone dies. It includes proving that a deceased person’s will is valid, identifying and inventorying the deceased person's property, having the property appraised, paying debts and taxes, and distributing the remaining property as the will directs.
Frequently Asked Questions

What Property is in Your Estate?

Your estate is comprised of all property, assets and possessions that you own. This could include assets such as:

- Cash
- Tangible personal property (cars, boats, jewelry, furniture, artwork, etc.)
- Real property (primary home, vacation home, time-share, rental property, etc.)
- Savings and checking accounts
- Stocks, bonds, mutual funds
- Life insurance policies
- The value of pension, profit-sharing or retirement plans
- Income tax refunds
- Property you own in joint name
- Closely held businesses

For purposes of Estate Planning, everything that you own falls into the category of probate or non-probate property.

Probate property goes through the court’s probate process before it is distributed to your heirs. These are the assets addressed in your will.

Non-probate property avoids the probate process and goes directly and immediately to your beneficiaries upon your death. This includes assets that are held jointly with the right of survivorship, proceeds of a life insurance policy or retirement plan, or transfer-on-death accounts.

Periodically review and update the individuals, charities, etc., that you named as beneficiaries of any non-probate property to ensure that your property passes to individuals or organizations according to your wishes.

Do you need a Will or a Trust?

A trust is used to control assets placed into the safekeeping of a trustee. Assets that are placed into a trust will be distributed without the intervention of a court. There are many positive reasons to establish a trust but they involve more upfront effort and expense.

- A trust may be appropriate if you have minor children and you wish to establish provisions specifying when a child will inherit any assets.
- If you have dependents with special needs, you may want to specify how the inheritance should be used for care. A will alone does not allow you to exercise control over the use of the property.
- If the value of your estate exceeds the current estate tax threshold, consider setting up a trust with tax planning provisions.
- In many respects, a trust and a will accomplish similar objectives. A trust, however, allows you to realize some objectives that a will cannot. Your estate plan should best meet the needs of you and your family.

How Can You Create A Catholic Legacy?

Your Estate is a wonderful opportunity to bless others in need by incorporating a gift that supports your favorite Catholic ministry or charitable organization.
Choosing your Executor

*Your named Executor will manage and settle your estate. They should be a person in whom you have confidence and who has the capability to do what you would like to have done. The Executor is legally accountable to the beneficiaries.*

**Executor’s Duties Include:**

- Finding and reviewing the most recent Will
- Arranging the funeral
- Determining if any family members have immediate financial needs
- Protecting the estate
  - Identifying the deceased’s assets and protecting them until final distribution
- Valuing the estate
  - Developing a full valuation of household goods, furniture, artwork, automobiles and other personal effects
  - Determining benefits due under insurance policies and pension plans
  - Preparing a detailed inventory of assets and liabilities
- Determine any taxes to be paid
  - Identify capital gains at the date of death
  - Contact relevant jurisdictions if foreign assets were held
  - Prepare and file final tax returns
- Administration and distribution
  - Arranging for probate of the Will, if necessary
  - Settling all claims and debts
  - Investing surplus cash and managing the investments to ensure that enough money is available to pay tax and other liabilities
  - Delivering personal property which was bequeathed and obtaining receipts
  - Discharging any bank or private loans, mortgages or other liabilities
  - Paying any legacies and other bequests
  - Distributing the assets to the beneficiaries
- Prepare a full accounting of the estate's administration and submitting it to the beneficiaries

Keep a document that lists all your personal property, debts, records, etc. and their location with your important papers where your executor can find it. Review this document periodically and make appropriate changes.
Creating Your Will

In order to do a proper job in drafting a will, you or your lawyer must know what your assets are and where they are located. You need to compile personal information about you, your family and others whom you wish to inherit part of your estate.

Prepare a document that lists all of your personal financial affairs along with an estate inventory. Make copies of the document you prepare and keep one where your family and executor can find it. This will be extremely helpful to your executor in administering your estate. It should also be reviewed and updated periodically.

Use this list to prepare for a meeting with your attorney or as a guide

- Your legal name
- Address of your permanent residence
  Note: If you have more than one residence, give the address of each residence, the time you spend in each, where you vote and where you pay income taxes
- The date and place of your birth
- Your social security number and citizenship
- Your spouse’s name, social security number and citizenship
- The date and place of your marriage and location of your marriage certificate
  * If you have been married previously, give your deceased or former spouse’s name
  * If you are divorced, give the place of the divorce, whether it was contested and who brought the action. If separated by agreement or court action, give all the details and where your separation agreement can be found
  * Show a copy of a prenuptial agreement if you have one
- List the names, addresses and ages of your immediate relatives and indicate whether any are legally incompetent or have other special needs
- List the names and addresses of others you intend to make your beneficiaries
- Your accountant’s name and address
- State the place where copies of your income and gift tax returns may be found
- Name and address of your employer
  Note: List whether you are entitled to pension, profit-sharing, stock options or any other employment benefits. Note how any benefits are paid upon your death.
- List life insurance policies owned by you on your life; policies owned by others on your life; and policies owned by you on lives of others. Also list annuity policies owned by you. Include the name and address of each company, the policy number the principal amount of the policy, the beneficiaries, and whether loans were made on any of the policies
- Do you own any real estate? List the approximate present value of the real estate, your cost basis, any mortgages on the property, and whether you own the property by yourself or as co-owner with another
- List your other assets, along with the approximate value of each, its cost basis and holding period. Include all property you own and debts owed to you. Include all property owned jointly, as tenant by the entirety, as a tenant in common and as community property
- Give the approximate amount of your debts, stating names and addresses of people to whom you are indebted and the basis for the liability
- Make a list of the names and addresses of those you wish to be your executors, trustees and guardians of your dependents
## Writing Your Will

| Step 1 | Write the introduction to the will. Start by clearly labeling the document “Last Will and Testament.” Next, state your full name and address, and testify that you are over the age of 18, are of sound mind and are not making the will under duress. Finally, write that this is your last will and testament, and that it revokes any previously made will or codicil. You may want to include your social security number and birth date for clarity. If you are using an online program, the program should automatically generate this introduction. |
| Step 2 | Identify the Executor who will be charged with the Administration of your Estate. |
| Step 3 | Identify your heirs. Be sure to clearly identify these persons so that there is no ambiguity as to their identities. |
| Step 4 | Name a guardian for any minor or dependent children. If you do not choose a person, the court will appoint one for you. |
| Step 5 | Assess and divide your property. List your assets, including real estate, bank accounts, retirement accounts, stocks, bonds and tangible assets, then assign your heirs a percentage of your total assets. |
| Step 6 | Sign the will. If you have created a will through an online program, have the document sent to you before signing it. Some states require that your signature be notarized, meaning signed in the presence of a public notary and stamped with the notary’s seal. |
| Step 7 | Ask witnesses to sign the will. Every state requires at least two witnesses to sign the will, and some states require three. The witnesses usually must not be named beneficiaries in the will. |

## Changing Your Will

You may change your will at any time. It can be changed by executing a new will (recommended if there are many changes) or adding a codicil which is an amendment or addition to an existing will.

You cannot change your will by merely scratching out or erasing the name of a beneficiary and writing in a new one. If this is done, the change may not be effective and you may have invalidated the entire will. Note that a codicil must adhere to the same legal requirements as the original will in terms of how it is written and the required witnesses.

## Keeping Your Will

Your will should be kept in a safe place where it is easily accessible to your family and executor. Be sure to tell them where it can be located! If you want to keep it in your safe deposit box be aware that some states make immediate access difficult since the box would be sealed upon your death. This may apply even if you hold the box jointly with another. Your executor would then have to get court permission to open the box.
Your Legacy: Gifts in your Estate

If you have charitable intent and want to help a specific work that is meaningful to you, a planned gift is one of the easiest and most effective ways to create a lasting legacy.

A bequest through your will is the easiest way to make sure the things you care about will be provided for in the future. Bequests are highly flexible and revocable, you can change your will at any time if your personal situation requires.

We’ve included here a summary of the different ways a bequest can be made to an individual or charity. (Although we used CFGP in our examples, the same format applies to other individuals or organizations.) If you do decide to include a gift to The Catholic Foundation of Greater Philadelphia your estate, you may wish to dictate that your bequest benefits a particular area (your Parish, a favorite organization, etc.) or allow CFGP to determine where and how it might best advance our mission.

A Note on Tax Considerations

This booklet cannot address the ramifications of federal and state tax laws. You should be aware, however, that we are in a time period where tax laws related to estate planning are in a state of flux. We suggest that you discuss with your attorney, and your tax accountant, how these changes may affect your financial planning and your estate plan.
Specific Bequests

Specific Bequests are those in which you name a specific piece of property, amount, or percentage of your estate to benefit a charitable organization. Specific bequests are generally satisfied first.

Sample:

“I give and devise to The Catholic Foundation of Greater Philadelphia, 100 N. 20th St. Philadelphia PA, the sum of $_______ dollars (or state percentage of estate) to be used for (designated purpose, if any.)

I instruct that all of my charitable gifts shall be made, to the extent possible, from property that constitutes “income in respect of a decedent” as that term is defined in the Internal Revenue Code.”

Residual Bequests

A residual bequest is used to give all or a portion of property after all debts, taxes, expenses and other beneficiaries have been paid.

Sample:

“I give and devise to The Catholic Foundation of Greater Philadelphia, 100 N. 20th St., Philadelphia PA, all (or state percentage) of the rest, residue, and remainder of my estate, both real and personal, to be used for (designated purpose, if any.)”
Your Legacy: Gifts in your Estate

Contingent Bequests

In anticipation of an unexpected occurrence, or if there should be certain other specific conditions that apply, a contingent bequest will ensure that property will go to charity rather than to unintended beneficiaries.

Sample:

“If (insert name or names) does not survive me, I give and devise to The Catholic Foundation of Greater Philadelphia, 100 N. 20th St., Philadelphia PA, all the rest, residue, and remainder of my estate, both real and personal, to be used for (designated purpose, if any.)”

Tax Deductibility of Charitable Bequests

Apart from the good works that your bequest will perpetuate, a charitable bequest can serve to reduce or eliminate federal estate and/or state inheritance taxes. There is no limit on the amount you can leave to charity through your will. However, since there are differences in each state, your lawyer can advise you whether there is a limit on the amount that can be deductible for purposes of your state’s inheritance tax.
At the Catholic Foundation of Greater Philadelphia we are equipped to assist you with all of your gift planning needs.

Other Planned Gifts
Some of the greatest opportunities to make significant charitable contributions occur as you are making other major business, personal, and financial decisions. In each of these situations, planned giving represents an opportunity to include the act of helping or giving back to the community in the overall plan for achieving important business and personal goals.

A planned gift is a long-term gift with a lasting impact. Making a planned gift can be a simple act of generosity for individuals of any means.

Appreciated Securities
The tax benefits from making a donation of appreciated stock, bonds, or mutual funds versus giving cash can be substantial. For securities held longer than one year, you may deduct the full fair market value, regardless of what was originally paid for them. You also avoid paying capital gains tax.

Gifts from IRA or other qualified retirement plan
By naming an organization such as CFGP as the beneficiary of your IRA or other qualified retirement plan, you can balance your estate by leaving the most-taxed asset to charity and the more favorably taxed property to your heirs.

Gifts of Life Insurance
By donating a life insurance policy or naming and organization such as CFGP as the beneficiary of a policy, you can create a large gift through the comparatively small annual cost of the policy premium.

Gifts of Oil, Mineral, Royalty Interests and Intellectual Property Rights
CFGP is equipped to transact any number of arrangements which allow for the transfer of funds from income-producing intellectual property rights (e.g., books, movies, music, images) or assigned royalty points to a charitable fund, the purpose of which can be determined by you.
Charitable Gift Annuities
Make a gift in return for a lifetime of fixed income payments. Your payments will be calculated based on the value of the gift and your age at the time you enter into the agreement.

The balance of the gift annuity will provide funding for the charity of your choice. Cash, Securities, and Real property may all be used to fund gift annuities. Please contact The Catholic Foundation of Greater Philadelphia for more information or to set up a charitable gift annuity.

Charitable Trusts
Trusts are particularly flexible tools used in charitable planning and may be funded with many types of assets.

A Charitable Remainder Trust is an irrevocable trust that generates a potential income stream for you or your beneficiaries, with the remainder of the donated to charity.

A Charitable Lead Trust is designed to provide income payments to a charitable organization for a fixed period of time, after which, trust assets are paid to either you or your beneficiaries named in the trust instrument.

Gifts of Real Estate
You may contribute an entire property or a fractional interest in real estate. Gifts of real estate are subject to a review and approval prior to acceptance.

If you name any charities in your will, trust, or as a beneficiary of another plan, please let them know of your intentions.
Estate Planning Check List

Planning your Estate is an essential and rewarding process. Taking the time to organize your affairs and clearly document your wishes will ensure that your loved ones will not be left to speculate your intentions. Please use our Estate Planning Checklist to ensure that you have addressed some of the most key estate planning ideas.

Questions before you begin

- Do I have a list of those I wish to inherit my property?
- Are there charitable organizations I wish to remember?
- Who will handle my legal or financial matters if I cannot do so?
- Who will make medical decisions for me if I cannot do so?
- To what extent I wish to have life sustaining medical treatment?
- Have I chosen an executor to handle my estate?
- Have I chosen a guardian for minor children?

Note: If you store any of the following information on your computer, make a list of all passwords and indicate where the information can be found.

Next Step: Organizing Records

- Create a list of financial accounts. List account numbers and pertinent information about your investments, bank accounts, insurance policies and other financial matters.
- List the location of valuable documents. Your list might include deeds, car titles, military records, birth and marriage certificates, divorce decrees and estate planning documents.
- List your personal data. This can include your Social Security number, driver’s license number, VA claim number, your date of birth and the names and phone numbers of family members.
- Make arrangements for access to your safe-deposit box. Make sure copies of your will and other important documents are available outside of your safe-deposit box.

Outline your personal plan

- Provide a trusted family member or friend with the location of confidential or valuable items, spare keys, or security codes.
- Provide care instructions for pets, if appropriate.
- Consider funeral preplanning.
- Make arrangements for the orderly transfer of business assets.

Document Your Plan

- Make or update your will.
- Establish a trust if appropriate.
- Create an Advance Directive.
- Create durable powers of attorney.
- Create a letter of instruction.

List loan payments. Include information about credit cards, mortgages, consumer loans, etc.
- Buy or update your life insurance.
- Review your pension plan’s survivor benefits.
- Review your IRA, 401(k) and other retirement plans for beneficiary arrangements.
- List other income sources and government benefits. This includes pensions and Social Security. For information on military benefits, check with the Veteran’s Administration or your nearest military installation’s casualty assistance office.
- List the location of tax records.
- List all organizations in which you have membership. They may provide special death benefits and should be noted for your survivors.
Please consider supporting the charitable work of

The Catholic Foundation of Greater Philadelphia

in Your Will or Estate Plan

CFGP is exempt from federal income tax and is classified as a 501(c)(3) organization.

Our name and address for use in a will, trust or other instrument of transfer is:

The Catholic Foundation of Greater Philadelphia
100 North 20th St. Suite 301
Philadelphia PA 19103

Our Federal Tax identification number is 46-1566557.

If you have any questions about making a bequest to CFGP, or any other charitable legacy arrangement please contact our Planned Giving Office:

Kelly L. Diaz-Albertini, Esq.
Planned Giving and Development Officer
O: (267) 592-6715
kalbertini@catholicfoundationphila.org

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