

## LEGACY SOCIETY

### YOUR BEQUEST TO HOMELESS SOLUTIONS, INC.

Your thoughtful bequest to Homeless Solutions, Inc. should be carefully planned. Many good planning techniques are available and you should choose the type of bequest that best suits your personal objectives.

For example, your bequest can be of a stated dollar amount, or you can bequeath specific property to HSI.

Some of our friends prefer to bequeath a certain percentage of their residuary estate (the amount that remains after paying all debts, costs and other prior legacies).

Whichever form you prefer, you can direct that your bequest be used for the current needs of HSI, or only

for a specific purpose. (If you plan to earmark your bequest for a particular purpose, please contact our office.)

Further, your bequest can be immediate or deferred, contingent or absolute.

Whatever your objectives, we will be happy to work with you in planning a gift from your will that will be satisfying, economical and effective in carrying out our important work.

For help in organizing your financial and estate planning information, please send for our new booklet, *Personal Affairs Record*, or simply call Pam Palumbo at (973) 993-0900, ext. 20.

### REFLECTIONS ON YOUR WILL AND HOMELESS SOLUTIONS, INC.

All major decisions demand careful reflection – whether they involve the future of Homeless Solutions, Inc., your personal values and lifestyles or the security and well-being of your families. In planning your will, the first and most important step is a deliberate and candid reflection on your personal objectives, the needs of your beneficiaries and the material things you have accumulated throughout your lifetime.

Perhaps, upon reflection, you may find it personally

satisfying to help HSI. Reflect upon the possibility of continuing your lifetime support of our programs through your estate plan. It's easy to plan such a gift when you see an attorney about making your will – and it's simple to add a bequest to your current will through a codicil (amendment). We invite you to reflect with us on how all your objectives can be accomplished through careful and knowledgeable estate planning.

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Solutions  
A HAND UP  
NOT A HAND OUT

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This publication is prepared for the information of our friends and donors and illustrates general concepts and ideas in tax and estate planning. The articles are not intended as legal services or advice. You should, accordingly, consult with competent tax and legal professionals as to the applicability of any items to your personal situation.

# FIVE STEPS TO A SUCCESSFUL WILL PLAN



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## **FIVE STEPS TO A SUCCESSFUL WILL PLAN**

Every man and woman reading this brochure needs a will. Without a will, we forfeit our legal right to control the disposition of the property we have accumulated with a lifetime of effort. And even a brief reflection shows that could never make sense.

Every will, however, should be different . . . each reflecting the individual needs and the personal objectives of the testator. For some of us, a simple will can accomplish all our objectives. Others may have needs and objectives that demand a highly complex testamentary plan. Whether our will should be long or short, simple or complex – and whatever our needs, our wealth or our objectives – we can all benefit from using a five-step approach to will-making.

### **STEP ONE: CAREFUL REFLECTION**

Deciding how to dispose of an estate is never a simple matter. Desires often conflict with necessities. Practical considerations may differ from ideals. Equality among beneficiaries may be financially impractical. We really must think carefully about our true objectives.

A husband may think, “I want to leave everything to my wife.” Upon reflection, however, he may realize that his real objective is simply to provide full financial security for his wife.

A mother may think, “I want to leave \$100,000 to my daughter.” Her real objective, however, may be to simply give her daughter a

token of her love. Or her objective may be to provide the daughter with a contingent security against a bad marriage, poor health or financial misfortune.

### **STEP TWO: CONSULTATION**

Talk over your objectives with your advisers and get their advice on what your will should provide. Be candid about your feelings and the needs of your beneficiaries. Your advisers will need specific facts about your assets, your income and your obligations – as well as your sentiments and objectives. The more information you give them the better they can help you plan the shape of your will.

It is at this point that you can decide the specifics of your will: the amounts, percentages or specific properties to be bequeathed to each beneficiary; whether bequests are to be outright or in trust; contingency provisions; persons to be named as executors, trustees or guardians; etc.

### **STEP THREE: SKILLFUL DRAFTING**

Your attorney should draft your will. It is never a do-it-yourself project. Indeed, you must rely on your attorney to include all the important legal provisions that will ensure carrying out your objectives. He or she will be concerned about various contingencies, the legal powers of your executor, the source of funds for paying debts, costs and taxes, possible common disasters, apportionment provisions and the exact names of all beneficiaries.

Your attorney will also make sure that your will is drafted, signed and witnessed as required by state law.

### **STEP FOUR: REVIEW YOUR WILL**

Your lawyer will probably draft your will based on present conditions, laws, asset values, planning techniques, financial needs and objectives. All these factors can change from time to time. And your will must change with them. You may need a codicil (amendment), or you may need to completely rewrite your will.

To be safe, take the time at least once a year to review your will in light of your present circumstances; and ask your lawyer to look at your will – at least every two years – whether or not you think you want to make changes. State law changes, new tax pitfalls or opportunities and new financial considerations make periodic legal reviews well worthwhile.

### **STEP FIVE: SAFEKEEPING**

Your skillfully drafted, up-to-date will may be meaningless unless it can be found at your death. It might be a good idea to have your attorney retain the original copy. Or if you name a bank as executor, the bank will generally provide safekeeping in its vaults.

However you decide to safeguard your will, it is important that it can be quickly located as soon as it is needed. Always leave word with responsible people, or make a note in your personal records, as to where your will can be found.

## **A GLOSSARY OF TERMS**

Some of the terms used by lawyers and others in estate planning are not well known to many of our friends. Here is a quick, nontechnical explanation of some of the terms and concepts you will read about in these brochures.

**Bequest.** A gift of property made in a will. Technically, a gift of money or personal property is a bequest, and a gift of real property by will is a devise.

**Charitable Deduction.** All the various federal tax laws – income tax, estate tax and gift tax – allow a deduction for property passing to qualified charitable organizations.

**Executor.** The legal representative of a decedent, nominated by the will of the decedent, and responsible for settling the estate and carrying out the provisions of the will. The person appointed by a court to settle the estate of a person who dies without a will is called the “administrator.”

**Federal Estate Tax.** This is an excise tax imposed by the federal government on the fair market value of the estate of a decedent. A credit shelters estates of \$2 million or less from tax through 2008, increasing to \$3.5 million in 2009. Many states impose their own estate taxes on property owned within the state, or “inheritance taxes,” that are calculated according to the relationship between estate beneficiaries and the deceased.

**Heirs.** The persons who would inherit property at the death of the owner under the state laws of intestacy.

**Marital Deduction.** An important concept of federal estate taxation, the marital deduction permits a married person to leave his or her entire estate to the surviving spouse completely free of any estate tax liability. A similar deduction lets spouses make unlimited tax-free gifts to each other.

**Testator or Testatrix.** The person who has made a will. Distinguish this from an “intestate,” a person who has not made a will.

**Trust.** A method of owning property whereby one person (the trustee) owns and manages property for the benefit of others – generally one or more income beneficiaries and one or more remaindermen. The rights of all the various beneficiaries are established in the trust agreement or in the settlor’s will.

**Will.** A written document in which a property owner directs how his property is to be distributed at his death. A will must comply with all the laws of the state where the decedent was domiciled at the time of death.