



LOUISIANA
BAPTIST
FOUNDATION

ESTATE PLANNING IS STEWARDSHIP!

Planning is a part of our daily life. We plan menus for the day or week, we plan vacations, we plan meetings... the list goes on.

Why, then, is it difficult to make plans for one of the more integral parts of our life – our estate.

Estate planning is often looked at as a dreaded or unpleasant task. Many people have expressed that if they make plans for their estate then their life will be over. Others take a more cavalier approach and say that “someone else can deal with that after I’m gone.”

As followers of Christ, we should all be interested in the stewardship of our assets, or our “stuff.” A prayerfully thought-out estate plan can be the largest single act of stewardship that you will undertake in your lifetime. Determining how to take care of others, how to be a blessing to others and how to further the Gospel of Jesus Christ through your personal planning is stewardship!



Take a look at some essentials of estate planning – *stewardship planning!*

People – The first step is as simple as making a list of the people who are most important to you. This should include anyone (children, spouse, grandchildren, parents) who are in your care during your lifetime and for whom you need to provide care after your death.

This list can also include those that you want to “bless,” those extended family or friends to whom you would like to leave a gift, either a personal item or monetary. Also, in this list, you may include your church or another ministry or charitable organization to which you have close connection. Leaving a gift to ministry that furthers the Gospel is one of the best ways to be a blessing to others.

Possessions – Make a list of your personal assets. This list will include bank and investment accounts, personal residence and other real estate, autos, boats and hunting vehicles, jewelry, firearms – anything that has a value to you and possibly to the recipient. Some items may have more sentimental value than monetary value; put it on the list.

There is a special class of assets that should be included in this list also. These assets are life insurance policies, annuities, IRA’s and other retirement plans, along with pension plans. All these assets can provide benefits and blessings to others; however, these assets will not be governed by the language of your Last Will and Testament. Each of these assets has a beneficiary statement that designates who is to receive these assets after your death. This statement, signed by you, is a contract between you and the company backing the asset. Keep this in mind as you move forward with your estate plans.

Professionals – Seeking the advice and assistance of a planning professional is important. For most people a relatively simple and straightforward Last Will and Testament will handle the transfer of assets to heirs and legatees. Others may need to seek the advice of a CPA or tax accountant if there is a

complicated estate or perhaps a family business interest involved. The Louisiana Baptist Foundation staff can help with some of the more basic issues and may be able to help you determine what type of professional to seek for assistance.

Many people are concerned about the cost associated with estate planning. Remember that there are important and lasting decisions included in your estate plans. It's worth spending time, energy *and money* to see that your plans are completed properly. One attorney friend has compared the cost of estate planning to the cost of a "good set of tires." Tires have certainly gone up in price in recent years, but this is still a good rule of thumb. Proper planning is worth the expense.

On that note, *proper planning* is worth more than the cost of an online service. Although many online legal services claim their services are valid in all 50 states, it still pays to get the advice of a local professional, particularly in the state of Louisiana, over that of a "fill-in-the-blank" online data gatherer.

Plans – Your plans are determining what people and organizations from the first list will get the possessions from the second list with the help of the professionals on the third list. Sounds simple enough?

As always there are things to take into account. For instance, it's typically better to leave tax deferred retirement assets to a ministry or charitable organization which will not owe taxes than to an individual who will have to pay those taxes that have deferred all these years.

Another thought, giving real estate in joint ownership to your heirs can possibly be a sticky situation if they can't agree on what to do with the property. Also leaving real estate jointly to family and a charitable organization may cause friction. The organization generally wants to be "cashed out" of the situation, forcing the heirs to raise cash to buy out the charity.

Yes, being a good steward of your estate is not necessarily a simple task and, in some cases, can be complicated. But, fear not! As Believers we have an Advocate! Which brings us to the last "P" word...

PRAY!!!! – This should first on the list. Before listing *people*, before tallying up all your *possessions*, and prior to making an appointment with a legal or tax *professional* to help you with your *plans*, you should take time to **PRAY!** Seek God's guidance on who should be included in your plans, how to distribute assets and what assistance you should seek. Proverbs 3:5-6 comes to mind:

Trust in the LORD with all your heart
and lean not on your own understanding;
In *all your ways* submit to Him,
and He will make your paths straight. (New International Version)

Even in planning your estate, God is willing and able to direct your path. Trust Him!



The Louisiana Baptist Foundation helps those who desire to give to Baptist churches, ministries and organizations. We also serve as a resource to answer questions regarding estate planning.

Components to Consider When Developing an Estate Plan

Last Will and Testament – Commonly called a “Will;” or “testament.” This is the backbone of an estate plan. Expresses who is to receive your *probate* assets upon your death. (Remember, retirement accounts, life insurance, annuities are “contractual” assets, not “probate” assets.) Your testament also should name the individual who is to carry out your plans, often referred to as the “executor” or “personal representative.” Also, a caretaker for minor children in your care can be appointed.

General Durable Power of Attorney – Grants authority to a person who will make financial and personal business decisions on your behalf if you are incapacitated.

Healthcare Power of Attorney or Advanced Directive – Grants authority to a person to make healthcare decisions on your behalf if you are unable to make them yourself.

Living Will – A healthcare directive that states you do not want life sustaining procedures used in the event that death is eminent.

Trusts - A simple definition of “trust” is an arrangement whereby one person is tasked with managing assets for another under a stated set of powers and duties. Trusts can take on MANY forms (grantor, testamentary, inter vivos, charitable to name a few) and should be used judiciously as part of an estate plan. A common use is to establish a trust and appoint a trustee to manage assets for a minor or for elderly parents. Trusts can also be used in tax planning.

Charitable Giving in Estate Planning

There are a variety of ways to include a gift to your church or ministry as part of your plan for the assets entrusted to you.

Bequests – A stated amount of money, specific piece of property or a percentage of your estate directed to a church or ministry.

Deferred Gifts - A Deferred Gift is simply a gift to a charitable organization or ministry that happens at some point in the future. Charitable Remainder Trusts and Charitable Gift Annuities are two types of deferred gifts that pay income to the donor (or a family member) during their lifetime. Upon the death of the income recipient, the remainder of the initial gift is then directed to the donor’s church or a ministry selected by them. Although these two gift arrangements operate similarly they are used for different reasons and can be modified to meet a variety of specific situations.

Donor Advised Giving - A Donor Advised Fund (DAF) offers a donor quite a bit of flexibility in making gifts to ministry. The donor establishes a DAF with the Foundation and deposits cash or securities into the fund. As the donor sees needs in his church or with other ministries, he can request distributions from the DAF to satisfy the need. Donor Advised Funds offer convenience by allowing a current year tax deduction while deferring distributions to charities at a later time. Also, the DAF can receive one contribution that can then be distributed to multiple organizations. One other advantage, the donor can remain anonymous to the charitable beneficiary.

Contractual Gifts - Assigning a portion or all of the proceeds from your pension plan, 401K, IRA, life insurance or annuities is a quick and simple way to direct a gift to your church or favorite ministry. It usually involves a phone call or download and completing a new beneficiary statement.