

#### INTRODUCTION

Thank you for your interest in how you can create your estate plan. This plan is invaluable as it will ensure your family members are provided for and allow you to have an impact on the future of health care for generations to come. It will also give you peace of mind and a sense of accomplishment.

The generosity of Vanderbilt University Medical Center's supporters allows us to offer personalized patient care, advance game-changing research and continue world-class training. You or a loved one may have benefited from this vital work happening at the Medical Center.

Consider what commitment you wish to make to join many others who have included the Medical Center in their estate plans. Your support will help us move our mission forward.

### Peace of Mind for You and Your Family

An estate plan and its associated documents will help guide your family if they need to make difficult decisions about your care and provide the authority they might need to do so. Consider your plan a gift to your family and other loved ones when they need it most.

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, establish a trust to help ensure their financial well-being. Even without minor children, you will want a plan describing how you wish to care for your loved ones.

### **Financially Wise**

A good estate plan will help streamline the distribution of your property, 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.

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). Very likely the law will 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 where it means the most to you.

### **Remembering Charity**

With thoughtful planning, you can provide for your loved ones and leave a gift to an organization that is important to your life like Vanderbilt University Medical Center.



This guide 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 Inventory that includes the elements you need to finalize your plans.

Let's get started.

## **Elements of Long-Term Planning**

## RELATED TO YOUR FUTURE GOALS

These planning options are the basic elements that will ensure your wishes are carried out. Your chosen approach should be done in partnership with a lawyer. There is more information about working with a lawyer later in this guide (see page 4).

Regardless of the planning documents you choose, you can provide for a gift to Vanderbilt University Medical Center in gratitude for the care received by you or a loved one and to continue our important work.

Making a legacy gift to the Medical Center isn't just for those with a large estate. It's a wonderful way to continue a lifetime of support for an institution that has meant so much to you.

#### WILL -

This is a document in which you make a disposition of your property to take effect at passing. It may be changed or revoked during your lifetime. States differ as to what constitutes a valid will but usually require two witnesses who are present when you sign the will. It is advisable to work with a lawyer to prepare your will to make sure it is valid and effective. In the will, you will appoint your executor and other personal representatives who will carry out the terms you set forth. Using your will, you will determine who receives your property, such as family, friends and charitable organizations.

#### **REVOCABLE (OR LIVING) TRUST**

This trust is used, just like a will\*, to facilitate the orderly distribution of your property. It may have the added benefit of protecting your assets from creditors and will avoid the time and cost of the probate process. The living trust is created while you are alive, and you can serve as trustee. You retain the power to change and even revoke the trust. To be effective, you make the trust the legal owner of your property, such as your house, car and other things of value. As with a will, you can make gifts to people who matter to you and to your favorite charities.

\*Even if you decide upon a living trust, you should still have a will. The will controls the distribution of property not owned by the living trust such as personal property. Property passing through the will is subject to the probate process but will be easier and less expensive to manage.

#### 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.

The beneficiary designation determines who will benefit from these accounts. You can name the Medical Center in your beneficiary designations to receive all or a portion of an account upon your passing.



#### WHAT TO EXPECT —

Be prepared to discuss your financial records, property, accounts with beneficiary designations, and prior wills and trusts, if any. A comprehensive list of types of information to think about when making an estate plan is included in this guide (see page 7). Before visiting a lawyer to document your intentions, consider the needs of your loved ones and causes close to your heart so you will be prepared to make your intentions known to your planning professional.

## Do I need to have an estate plan?

Yes. Regardless of the size of your estate, you want to ensure that what you have will go to those you love and care for and that your wishes are carried out. But a good estate plan does far more than that. It cares for you as well as the things you value.

An estate plan grants a power of attorney for financial and health matters should you become incapacitated and states your desires regarding medical care. These documents become a last expression of what you have valued in your life, indicated through a personal statement and by what you leave to whom.

By being thoughtful and organized about your affairs, you will have left a final, loving gift to your family and organizations you care about.

## 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 lawyer can prepare an amendment to your will (called a codicil) or to your living trust. Many times, this can be done quickly and involves only one or two pages added to your existing will or trust.

## How often should I update my plan?

It is a good idea to update your plan every seven to 10 years. Some people have a periodic checkup with their lawyer.

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 end of life of a spouse or other loved one, you should review your plan for necessary changes.

## What should my plan include?

A complete estate plan consists of a will or revocable trust, financial power of attorney, health care power of attorney and a living will. Not everyone will want or need each of these, however, so you should work with your lawyer to determine which documents will be most suited to meet your goals.

## Steps to Having an Estate Plan

## HERE ARE SOME PRACTICAL STEPS TO GET YOU STARTED

- Take inventory of what you own. List your assets (real estate and investments) and their approximate value. Include pertinent information about that asset (see page 8).
- Make a list of tangible personal property such as jewelry, dishes, books and furniture items other than real estate and investments and who is to receive each item upon your passing. You may want to maintain this as a separate list rather than designating this in your will or trust for maximum flexibility.
- Think about your goals for your estate plan: for example, whom 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 lawyer is likely to ask you about goals you didn't consider, but at least you'll have a head start.

- Consider whom you would like to name as your personal representative the executor of your will or the trustee of your trust and the person who will act as your agent under a power of attorney form (see page 9).
- Make an appointment with a lawyer, preferably one who specializes in estate planning. If you don't have one or know of one to call, check with family, friends, coworkers or your local bar association for recommendations.
- Follow through on whatever actions are decided on in the meeting with your lawyer. Rely on the advice of your professional advisers as you make your decisions.
  - Share your plans with others. Key documents 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 (your executor or trustee). Loved ones will appreciate at least a general sense of what to expect to prevent misunderstandings later on.



# Consider Your Charitable Legacy

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 Vanderbilt University Medical Center with a charitable gift while achieving your personal and financial goals.

**Bequest.** This is a gift made through your will or revocable 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 expenses and debts are paid and specific gifts are distributed to beneficiaries). See page 6 for sample bequest wording.

**Beneficiary Designation Gift.** Just as you designate individuals to receive certain assets directly as your named beneficiary, you can name Vanderbilt University Medical Center to receive all or part of the asset. This is most commonly used with IRAs and other retirement plan assets and life insurance policies, but it can also be available for bank accounts, brokerage accounts and commercial annuities.

In addition to leaving a legacy, bequests and beneficiary designations have the advantage of being flexible and revocable. Perhaps most importantly, they leave the assets under your control should you need them during your lifetime.

Any amounts that you leave to qualified charitable organizations through your estate plan are deductible against federal estate taxes. This means that no U.S. estate tax is due on charitable gifts. Most states that impose estate or inheritance taxes allow deductions as well. Your lawyer can tell you about your local estate taxes, if any, or you can check online.

Charitable Remainder Trust. With this type of trust, you transfer money or property under a trust agreement which provides that you will receive annual income, usually for life. You may claim a current income tax deduction with this trust. After the beneficiaries' lifetimes, the balance (remainder) of the trust is distributed to an organization of your choice, like Vanderbilt University Medical Center, as your gift. As a result, a charitable remainder trust can help you maintain or increase your income while making a significant gift to the Medical Center. The tax benefits are especially favorable when you fund your trust with appreciated property such as stock, mutual funds or real property. Your income tax deduction is based on the property's full fair market value and no capital gains tax is due upon the property's transfer to the trust.

**Retained Life Estate.** You can give your personal residence to the Medical Center and continue to live there for the rest of your life. You have the satisfaction of completing this generous gift, plus the benefit of immediately reducing taxes with an income tax charitable deduction in the year of your gift. If this arrangement is appealing and feasible for you, please call us to learn more about the details.

## Leave a Legacy to Vanderbilt University Medical Center

If you wish to leave a bequest to Vanderbilt University Medical Center, the process is relatively straightforward.

As you consult your lawyer on the selection of appropriate wording to reflect your own goals and intentions regarding Vanderbilt University Medical Center, be sure that our correct legal name appears in all final documents:

"I give to Vanderbilt University Medical Center, a not for-profit, 501(c)(3) tax-exempt corporation, located at 1211 Medical Center Drive in Nashville, Tennessee, the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) or (\_\_\_\_% of my property) or (describe specific property), federal tax identification number 35-2528741, to be used for the general purposes of the Medical Center (or a specific purpose)."

## TYPES OF BEQUESTS

**Specific Bequest:** The Medical Center receives a specific dollar amount or piece of property. This is one of the most popular forms of bequests.

**Residuary Bequest:** The Medical Center receives all or a stated percentage of an estate after distribution of specific bequests and payment of debts, taxes and expenses.

**Contingent Bequest:** The Medical Center receives all or part of the estate under certain specified circumstances, such as the passing of a spouse.

**Unrestricted:** This allows the Medical Center to use the gift for its greatest needs. An unrestricted gift is very useful because the Medical Center will have flexibility to put the gift to the best possible use at the time it is received.

**Restricted:** A restricted gift is given to the Medical Center with instructions for a specific purpose, such as support for a special area or program that is important to you. Please consult with the Office of Gift Planning prior to establishing your restrictions to ensure that Vanderbilt University Medical Center is able to fulfill the intent of your gift.

## **NEXT STEPS**

To receive further information and assistance on estate planning, or to learn more about how your gift can help Vanderbilt University Medical Center, please contact our Office of Gift Planning.

- Call Adam Watts at 615-875-5037
- Email giftplanning@vumc.org

This checklist and the following inventory will identify important information to consider when making an estate plan. This will in turn assist you when you go to see a lawyer to prepare your will and other key planning documents. It will also help your loved ones at a time when they need it the most—when you are no longer able to make decisions for yourself.

The time you spend determining what you have and to whom you want to leave it will provide you peace of mind, knowing that you have done all you can do for yourself and your loved ones. The following lists will guide you through what items to have in mind before meeting with a lawyer.

## **FAMILY**

## You and Your Spouse

- O Full legal names
- O Addresses, phones, emails
- O Dates and places of birth
- O Social Security numbers
- O Driver's licenses
- O Marital status
- Citizenship status
- Employment status and current or most recent employers
- Military service
- Existing planning documents
  - Will or revocable trust
  - Health care directive physician's order
  - Life sustaining treatment
  - Power of attorney financial or health care
  - Personal property inventory

#### Your Parents, Children and Grandchildren

- Full legal names
- O Addresses, phones, emails
- O Dates of birth
- Social Security numbers
- O Status: dependent/date of adoption/previous marriage/special needs/deceased

### **Your Pets**

- Names and descriptions
- Veterinarian contact information
- Food/medicine/special instructions



## FINANCIAL INFORMATION

- O Tax records: preparer name and contact information
- O Pension information: company name, address, value, named beneficiary
- O Safe deposit box(es): location, institution, box number, key location
- O Insurance policies: company, contact information, policy number
- O Social Security payments: bank name, address, account number

## **ASSETS AND DEBTS**

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

#### **Assets**

- O Cash (liquid assets): type, bank name, address, account number
- Real estate: address, date purchased
- O Securities (stocks, bonds, etc.): description, location, firm, number of shares
- O Life insurance/annuities: name of company, policy number, beneficiary
- O Retirement assets (IRA, 401(k)): custodian name, address, beneficiary
- O Tangible personal property: description, date of purchase
- O Business interests: business name, location, number of shares, percentage
- Other income producing assets: description, company
- O Debts owed to me: description, debtor name, address

#### **Debts**

- O Mortgages
- O Loans: insurance, bank, personal
- Credit cards
- All other debts or obligations: description, loan/account number, creditor name

## **AGENTS**

Names, addresses, phone numbers, emails, relationships:

- O Executor (and alternate)
- O Guardian (if you have minors)
- O Power of attorney financial
- O Power of attorney health care

## PROFESSIONAL ADVISERS

Name, practice or company, contact information:

- O Physician
- O Accountant
- O Broker
- O Lawyer
- Life insurance agent
- Financial planner
- O Other

## YOUR INTENTIONS

- O Body, organ, tissue donation
- Memorial arrangements

O 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.

## **DISTRIBUTION OF ESTATE**

## Gifts to Spouse/Other

- O Description of asset, percent of estate
- O Beneficiary name, relationship, address
- O Contingent beneficiary name, address

### Gifts to Charity

- O Legal name of charity, tax ID number, location
- O Percentage of net estate OR \$\_\_\_\_ OR description of asset

### **Residue of Estate**

- Individual beneficiaries: names, addresses, percent of residue
- O Charitable beneficiaries: legal names, tax ID number, addresses, percent of residue

## 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 effortlessly 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 lawyer about the best way to transfer them. When you update this list, make sure to make a copy and give the original to your executor or lawyer.

- O List description
- Recipient
- Contact information



## **Estate Planning Inventory**

#### **Essential Documents**

- O Will
- Letter of instruction
- Living trust documents

### Marriage and Divorce

- Marriage license
- O Divorce papers

### **Proof of Ownership**

- O Housing, land and cemetery deeds
- O Escrow mortgage accounts
- Proof of loans made and debts owed
- Vehicle titles
- Stock certificates, savings bonds and brokerage accounts
- O Partnership and corporate operating agreements
- O Tax returns

#### Bank Accounts

- List of bank accounts
- List of usernames and passwords
- O List of safe deposit boxes

#### **Health Care**

- O Personal and family medical history
- O Durable health care power of attorney
- O Authorization to release health care information
- O Living will

#### Life Insurance and Retirement

- O Life insurance policies
- O Individual Retirement Accounts
- O 401(k) accounts
- O Pension documents
- O Annuity contracts

### **Electronic Assets**

O Current banking and electronic passwords in a secure form for your heirs (banking, mortgage, retirement accounts, trusts, email, social media, etc.)



## Glossary of Terms

**Administrator** – The person appointed by the court to manage one's estate when they die without leaving a will. Administrators have the same duties as 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 or legacy left by will, typically personal property or assets.

**Codicil** - A legal instrument that modifies or adds to an existing will. This is often used where a major change to a person's estate is not needed. It is attached to and becomes part of the earlier will.

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

**Estate or Inheritance Tax** – A federal and/or state tax on the value of the property held by an individual at their death (paid by the individual's estate or the persons receiving the property).

**Executor (or Personal Representative)** – The person named in a will to manage the estate. This person will collect the property, pay any debt and distribute the property or assets according to the will.

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

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

**Heir** - A person entitled to inherit a portion of the estate of a person who has died through an inheritance from an estate. 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 a person dies without a will.

**Legacy** - A transfer of personal property by a will.

**Living Will** - Not to be confused with a living trust, this document contains instructions specifying a person's wishes with respect to health care and especially in situations in which the person is no longer able to make decisions due to illness or incapacity. A living will is separate from and may accompany a power of attorney for health care.

Power of Attorney – A written legal document that gives an individual the authority to act for another. A power of attorney for financial decisions authorizes a person to act on your behalf for financial matters and is usually controlled by state law. One for health care allows you to designate a person to make medical decisions for you when you're unable to do so. The person named in a power of attorney form who is authorized to act in the place of the issuer of the power (the principal) is called the attorney-in-fact.

**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.

Revocable Trust, also known as a Living Trust – An agreement set up by a grantor during life to hold and manage property while the grantor is living and which the grantor is free to change or revoke at any time during life. This revocable trust can also operate like a will to distribute the property held in the trust to the grantor's beneficiaries after the grantor's lifetime.

**Trust** - A written legal instrument created by a grantor for the benefit of oneself (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.



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