



CAPE COD
HEALTHCARE
FOUNDATION

Planned Giving

An Investment in Cape Cod's Future

Your Will: A Powerful Tool for Supporting Your Family—And Charity

Your beloved Aunt Suzanne, aged 80, has a stroke and passes away suddenly. She was a widow and had no children of her own, although the two of you were very close. Aunt Suzanne spoke often of wanting to leave her valuable antiques and home to you, her stocks to your children for their education, and the remaining funds in her retirement plan to our organization. However, Aunt Suzanne never formalized her wishes by having a legal will drafted. As a result, and because she has no surviving siblings, her possessions are divided among all of her nieces and nephews. Except for you, she has had little contact with her relatives over the years. Neither her personal nor charitable objectives are realized.

It's a sad but all-too-common scenario: If we die without a valid will (intestate), the state in which we lived simplifies matters by distributing our property—or even the precious custody of our children—according to a generic legislative formula. The results will not reflect our actual wishes or factor in the unique life circumstances of our intended heirs.

Whether our intestacy is due to concern about the cost of a will, our inability to face our eventual mortality, or simple procrastination, inequities may result. Our intended beneficiaries lose out to undeserving or unintended individuals, tax-saving opportunities are forfeited, and our estates incur unnecessary expenses.

How can you avoid such heartache in your loved ones when your own estate is distributed? Take control of the future NOW by taking one incredibly simple and powerful step—execute your will.

Control the Distribution of Your Assets

Your will can empower you to:

- Consider the unique needs of each heir and decide exactly *who* will receive *what*.
- Determine exactly *when* your beneficiaries will receive their shares. For example, you can give the

use of your residence to one beneficiary for a period of time and then later give the property itself to another. You may also establish a trust that pays income to an older beneficiary now and the trust principal to a younger beneficiary in the future.

- Provide for our organization and potentially reduce estate taxes.

Protect Your Family After Your Death

You dreamed of your family's future during life—continue to protect and provide for it even after you're gone.

Continue your family's income: It may take time for your family to receive income from your estate after you die. Under your will or under a living trust that you may have established, you can provide for your surviving spouse to receive crucial monthly income that will commence at your death and continue until other income begins to flow from your estate.

Determine guardianship of your minor children: If you are survived by minor children, your will would allow you to designate legal guardians and empower them to act in the best interests of your children without undue interference from the probate court.

If you don't have a will, the state appoints a guardian—usually the surviving parent or a close relative—who may be required to seek the approval of the probate court with respect to nearly every aspect of your children's property, including the disbursement of funds for their essential needs.

Will-Planning Tips:

- **Choose an executor:** Through your will you can designate a qualified executor to collect, manage, and distribute your estate's assets in accordance with your wishes. You may also name an alternate executor in case your first choice moves away, predeceases you, or is unable to act for any reason.
- If you don't make a will, the state will appoint an estate administrator whose powers are severely restricted by law, causing delays and possible losses from your estate. (**Note:** In some states the executor or administrator is called the *personal representative* of the estate.)
- **Assist your executor:** During the probate process, your executor can be responsible for as many as 20 major duties, including gathering and valuing your estate's assets (which can be difficult), making investment decisions, handling claims against your estate, and distributing your assets. **How:** You can assist your executor and perhaps accelerate the probate process by making a list of all of your property, its location, and its approximate value. Keep this list where it can be easily located and checked periodically for accuracy. (**Note:** Safe-deposit boxes are very difficult to access after a death and thus are not recommended.)
- There's another advantage to choosing your own executor—you can give that person special powers unavailable to a court-appointed administrator. Such powers may be essential if a portion of your estate's assets consists of business interests, which executors must often manage during probate.

Your choice of executor and the powers you give him or her is crucial—the survival of your business hangs in the balance.

Will Your Estate Be Subject to Estate Tax?

For 2026 the estate-tax exemption is \$15 million, and the combined exemptions for a married couple are \$30 million. Because very few estates exceed these amounts, the number of estates subject to the federal tax is small.

However, if you live in a state that has a state estate tax, your estate could be subject to the state tax—even if not to the federal tax. That is because the state exemption amount is generally lower than the federal exemption.

Here are the possible scenarios:

- Your estate is below \$15 million and you either live in a state with no estate tax or you live in a state with an estate tax but your estate size is below the state exemption amount: *There will be no estate tax.*
- You live in a state with a state estate tax and your estate is below \$15 million but above the state exemption: *There will be state estate tax but no federal estate tax.*
- Your estate is above \$15 million and you live in a state with a state estate tax: *There will be both a federal and a state estate tax. The state estate tax can be deducted when calculating the amount of the federal tax.*

Bequests to our organization can be deducted on the federal estate-tax return and generally on any state estate return as well. Consequently, a charitable bequest can reduce the amount of tax owed on the estates of high-net-worth individuals.

If you are among those whose estates will be subject to estate tax, here are some tips to maximize your deductions:

Prepare for contingencies such as simultaneous death. When the order of death cannot be determined, it is usually presumed that each spouse has survived with respect to his or her own property. The result is

that there is no estate-tax marital deduction because nothing passes from one spouse to another. By reversing this presumption with a will, you can ensure the marital deduction.

Allocate the tax burden. Although your careful estate planning can minimize the burden of both federal and state estate taxes, it may not eliminate them altogether. Under your will you can decide whose share of the estate pays these taxes. If your charitable bequests are relieved from paying any taxes, there will be no diminishment of the charitable deduction.

A Poulover Will Can Coordinate Your Asset Distribution

A “poulover will” is a testamentary device which provides that at an individual’s death any property in his or her estate is transferred to a revocable living trust that the individual will have established. This property, along with all other assets previously transferred to the trust, will then be distributed as directed by the trust.

People establish revocable living trusts for various reasons: to prevent assets from being subject to probate, to ensure privacy regarding distributions of assets, to eliminate the need for separate probate proceedings if real estate was owned in another state, and to provide for management of property. The trust governs only property that has actually been transferred to it. In many instances, certain items—such as automobiles, jewelry, and possibly some real estate—were never titled in the name of the trust or otherwise transferred to it. The result is that some property will be transferred according to the terms of the trust and other property will be transferred according to the will—and the two instruments may not have been coordinated.

To ensure coordination, an individual can execute a poulover will. In a sense it sweeps up everything not previously transferred to the revocable living trust and

transfers or “pours over” those items to the trust. This ensures coordination of distributions in order to realize personal objectives.

Thus a person who has established a revocable living trust should not conclude that a will is unnecessary.

Which Bequest Type Is Best?

Whether your will is short and simple or lengthy and complex, it begins and ends with certain formal provisions to establish its validity to the probate court. The body of a will contains the *dispositive provisions*, commonly referred to as bequests. You may choose from a variety of bequest types to achieve your objectives.

A **specific bequest** lets you give specific property to a beneficiary (e.g., “I bequeath my coin collection to my daughter Elizabeth.”). **Caution:** If the property that makes up the specific bequest does not exist at the time of your death, the gift is canceled and your beneficiary receives nothing. However, you may direct in your will that the bequest be made up in some other way.

A **residuary bequest** allows you to give all of the rest, residue, and remainder of your property after all debts, expenses, and taxes have been paid and all general and specific bequests have been satisfied. **Caution:** If you use this bequest to provide the main source of your family’s security, be aware that any reduction in your estate’s value will have a similar impact on the residue and thus on your family’s security.

Example: Mr. B’s estate is valued at \$800,000 when he executes his will. He makes general bequests totaling \$400,000 to his children by a previous marriage and bequeaths the rest, residue, and remainder of his estate to his wife. At his death his estate is worth only \$600,000. **Result:** His children still receive \$400,000, but his wife receives only \$200,000—nowhere near the \$400,000 he had originally intended.

Note: In a revocable living trust the same types of distributions are possible and are also known as dispositive provisions.

Charitable Bequests: Support Your Survivors—And Our Work

Your bequest is an ideal way to make a meaningful gift to support our work. Your careful planning can provide the personal satisfaction of knowing that your gift will help us continue to fulfill our mission without jeopardizing your family’s security.

You may choose from several flexible bequests to memorialize your philanthropic interest. The specific mode of gift you choose will depend completely on your unique circumstances and your personal and financial objectives. Let’s examine some of your charitable options.

Outright charitable bequest: The outright bequest is the most popular way of making gifts—large and small—to us. You may give a fixed-dollar amount, certain assets, or a percentage of your residuary estate. **Note:** Because a percentage bequest protects your intended beneficiaries against possible shrinkage in your estate’s value, you may prefer it to a fixed-dollar-amount bequest.

Whatever the size of your estate, you will have the personal satisfaction of helping our work continue well into the future. Depending on the size of your estate, you may also realize estate-tax savings, which would mean that the federal and/or state government shares the cost of your gift.

Most outright charitable bequests are made in cash, but any type of property is eligible: stocks, bonds, real property, tangible personal property, and business interests. However, when you decide what best suits your charitable bequest, consider the nature of the property in order to determine the extent of your tax consequences.

For example, your ordinary-income property—such as U.S. savings bonds, commercial deferred variable annuities, and retirement funds—can produce favorable tax consequences if you give it to our organization. Why? An estate-tax charitable deduction is allowed for its full fair-market value, and we will avoid paying income tax on the distribution because of our tax-exempt status. The potential tax savings from an outright charitable bequest can be illustrated as follows:

Example: Mrs. C, a widow who lives in a state without a state estate tax, leaves an adjusted gross estate valued at \$16,000,000. A comparison of her estate-tax picture with and without a charitable bequest of \$500,000 illustrates how an estate-tax charitable deduction could reduce the cost of her bequest.

Mrs. C makes a charitable bequest of \$500,000 at an actual cost of \$300,000 because she reduces her federal estate-tax burden by \$200,000.

The solution? A charitable **time-delayed bequest** generates significant financial and tax benefits and may actually augment your family’s financial security. **Why?** First, the government shares the cost of the gift by allowing an immediate deduction for the portion of the gift that represents the **present value** of our organization’s interest. An immediate deduction is permitted even though we will not receive the property until later—usually at the death of the life beneficiary you have designated. Second, your estate’s federal estate-tax liability is correspondingly reduced, leaving more of these assets to generate additional income for your beneficiaries.

Example: Suppose that Mrs. C in the previous example, instead of making a \$500,000 outright bequest, directed that property valued at \$500,000 be placed in a charitable remainder annuity trust that would make annual payments of \$25,000 to her sister for life. She left the remainder of her estate to her children. At Mrs. C’s death her sister was 77 years old.

Mrs. C’s Estate Tax With and Without a \$500,000 Charitable Bequest		
Adjusted Gross Estate of \$16,000,000 (excluding any charitable gift)		
	Without Bequest Gift	With Bequest Gift
Charitable deduction:	None	-\$500,000
2026 federal estate-tax exemption	-\$15,000,000	-\$15,000,000
Taxable estate:	\$1,000,000	\$500,000
Federal estate tax:	\$400,000	\$200,000
Mrs. C’s estate-tax savings:	-0-	\$200,000

Note: The federal estate-tax rate on the taxable estate is 40%.

Mrs. C’s Estate With and Without a Charitable Remainder Annuity Trust		
Adjusted Gross Estate With and Without a \$500,000 Trust		
Adjusted Gross Estate of \$16,000,000 (excluding any charitable remainder annuity trust)		
	Without Charitable Annuity Trust	With Charitable Annuity Trust
Charitable deduction:	None	-\$297,990
2026 federal estate-tax exemption	-\$15,000,000	-\$15,000,000
Taxable estate:	\$1,000,000	\$712,010
Federal estate tax:	\$400,000	\$284,804
Mrs. C’s tax savings:	-0-	\$119,196

Deferred bequest: Your circumstances simply may not permit an outright charitable bequest. You may wish, for example, to preserve assets to provide income for surviving family members.

In contrast with an outright bequest, the annuity-trust plan pays Mrs. C’s sister \$25,000 each year for life. At her death the trust principal will pass to us.



Accelerated bequest: You may find in examining your estate plan that from both personal and financial standpoints it would be advantageous to make a **living bequest**. For example, property that you intend to leave to us under your will could be placed in a lifetime charitable remainder trust. You will enjoy the following benefits:

- You will be relieved of property-management burdens.
- The trust will pay you and/or another person a stream of income for life.
- You will receive an immediate charitable tax deduction based on your age(s) for the present value of our remainder interest.

Planning tip: You will enjoy even more tax savings if you fund your trust with appreciated property and avoid capital-gain tax.

Income-only bequest: Under certain circumstances a bequest of income from your property—rather than the property itself—can help you keep your property in the family while making a substantial gift to us. For example, you may want your grandchildren to eventually receive a tract of income-producing real estate and you can give up income from the property until they reach a certain age.

You can satisfy both objectives by specifying in your will that the property be placed in a **charitable lead trust**. The property from your estate is held for a specified number of years, and specified payments (either fixed or variable) from the trust are distributed to us annually. After that the property can go to your children or grandchildren.

The results? You get to retain the property in your family, make an annual gift to support our work for the duration of the trust, and entitle your estate to an estate-tax charitable deduction for the present actuarial value of the payments we receive. It's a win-win-win situation.

Contingent bequest—A charitable alternative: Consider naming us as a contingent beneficiary in your will. If a certain condition is met—such as a

beneficiary disclaiming a bequest or a beneficiary predeceasing you—the property you bequeathed to that particular beneficiary would then pass to us.

A contingent bequest prevents your property from passing to unintended beneficiaries. If we are the recipient of your contingent bequest, your estate will be allowed an estate-tax charitable deduction for the full value of your property.

Final Note

You have the power to specify how you want your gift to be used for both immediate and time-delayed bequests.

Taking the time to carefully plan your will puts control of your assets back into your hands and allows you to fully express your priorities and charitable intentions. To learn more about how you can make a meaningful gift to support our work through a planned bequest, please contact or visit our office. We would be delighted to assist you in selecting the perfect gift vehicle to suit your objectives.



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