



**Community**  
FOUNDATION  
OF THE NORTH STATE



# Guide to Estate Planning & Bequests



# Creating Your Estate Plan

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Your estate plan is not just a practical tool for distributing your assets, it's also an important part of leaving your legacy. Guidance from professional advisors can help ensure that it includes the right provisions and protections for you and your beneficiaries while managing and minimizing tax impacts. The Community Foundation of the North State (CFNS) can help you fulfill any charitable plans through your estate.

This guide is offered to help you learn more about the process and share helpful tips, tools, and resources to make a plan that gives you peace of mind. Let's get started.



## Estate Planning Checklist

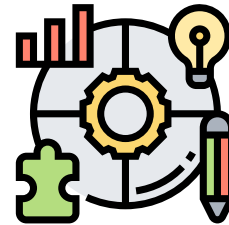
- ✓ Make an inventory of your assets
- ✓ Work with professional advisors
- ✓ Create a trust or will
- ✓ Decide your beneficiaries
- ✓ Establish your directives
- ✓ Reassess periodically



TIP: Learn more about types of bequests, charitable funds, and gift options on pages 7-10.

# Make an Inventory

Start by making a list of all your tangible and intangible assets



## **Tangible Assets May Include:**

Homes, land, or other real estate including water or mineral rights, orchards and timber

Vehicles and vessels, including cars, trucks, RVs, mobile homes, motorcycles, or boats

Collectibles such as coins, art, antiques, or trading cards

Jewelry, heirlooms, musical instruments, and other personal possessions

Firearms, tools and equipment, sporting goods, personal computer equipment

Livestock

## **Intangible Assets May Include:**

Checking and savings accounts and certificates of deposit

Stocks, bonds, and mutual funds

Life insurance and other policies

Retirement plans and other tax deferred assets

Health savings plans and 529 accounts

Ownership in a business, such as a sole proprietorship, corporation, or LLC; and intellectual property



**TIP:** You'll also want to list any debt or loans, including mortgages and lines of credit. Keeping a list will make it easier for your representative to notify creditors in the event of your death.



# Work with Professional Advisors



## Expertise

An estate attorney, financial advisor and tax professional play significant roles in helping you create an estate plan that truly reflects your resources, goals, values, and legacy. Professional advisors can also help you identify risks, prioritize action items, and minimize estate, inheritance and gift taxes, as well as avoid a conservatorship and probate.



## Complexities & special circumstances

If you have business interests, children with special needs, chronic health concerns or nonfamilial beneficiaries, an estate attorney can help you navigate the sometimes complicated implications.



**TIP:** Need to reduce your tax liability? CFNS can help develop tax-wise charitable plans with you and your professional advisors.

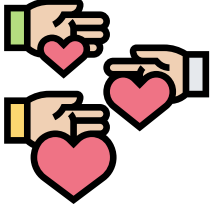
## Handling personal property

While your will or trust is designed to transfer your assets to beneficiaries, many states permit you to create and maintain a list of beneficiaries for your personal items. Check with your attorney on the best way to accomplish this.

Personal items include jewelry, furniture, household items, collections, heirlooms, etc. If you keep items in a safe or a safe deposit box, be sure to note how to access it. If some items are very valuable (especially art and other collections), it is important to discuss the transfer with your professional advisor.

# Create a Trust or Will

Without a trust or will in place, state laws will determine the beneficiaries of your estate



## Determine your bequests

A bequest is a gift to another person, charity or institution according to the terms of your will, trust, or beneficiary designation. Learn about the five types of bequests on page seven.



## Establish a revocable living trust

Transfer your assets into the trust to be managed by you or your selected trustee. If you become incapacitated, your selected trustee can manage your assets on your behalf. Upon your death, the trust assets transfer to your designated beneficiaries, bypassing probate.



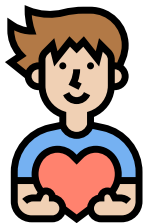
## Create a will

As an alternative to a revocable living trust, you can draft a will. Work with an attorney to determine whether a will is the best option for you, as wills usually require probate.



## Consider life insurance

Life insurance is especially important for those who have dependent children or other dependents you wish to provide for.



## Name a guardian for your dependent(s)

...and a backup guardian, just in case. And don't forget to determine who will care for your pets, too.



**TIP:** If you don't intend to leave all your assets to a loved one, there are many ways to benefit your favorite causes or charitable interests – whether one or many – through CFNS. Contact us to learn how.



# Decide your beneficiaries

Assets can be transferred by will, trust, beneficiary designation, or other form. Your professional advisors can help determine the best options for your situation. For example, IRAs require you to complete a beneficiary form; check with your account custodian, or financial advisor, to be sure you've completed the correct forms.



## Retirement & insurance accounts

Retirement plans and insurance products usually have beneficiary designations that you fill out and update as needed.



## Name contingent beneficiaries

Backup beneficiaries are critical if your primary beneficiary dies before you. Charities are commonly named as contingent beneficiaries.



**TIP:** Make sure the beneficiaries of your policies or accounts are up-to-date, especially if you established them long ago. For example, an account set up 30 years ago may still list a former spouse.

## “Stretching” inherited IRA payments beyond the 10-year rule

New IRA rules now require most non-spousal beneficiaries to withdraw all funds from an inherited IRA within 10 years of the original owner's death. If your beneficiary falls under this 10-year rule, consider setting up a testamentary Charitable Remainder Trust (CRT) funded by your IRA. The IRA will be transferred to your CRT upon your death which then invests the assets and makes payments to your designated beneficiary for a lifetime, thus “stretching” the IRA income (and related taxes) beyond the 10-year rule. Upon the death of your designated beneficiary the remainder benefits the cause of your choice. Give us a call or email [info@cfnorthstate.org](mailto:info@cfnorthstate.org) to learn more about gift options for your IRA.



# Establish your directives

A comprehensive estate plan includes important legal directives

## 1 A medical care directive.

Designate an agent to make medical decisions on your behalf if you are unable to do so. Provide your agent with directions regarding your wishes for medical care if you become unable to make those decisions yourself. You can also name a medical power of attorney. These two documents are sometimes combined into one, known as an advance health care directive.

## 2 A durable power of attorney.

Name a designee authorized to act on your behalf in legal and financial situations if you are no longer able. This includes paying your bills and taxes, as well as accessing and managing your assets for your benefit. You can also choose to limit those powers to specific assets (for example giving access to your checking account but not your investment account), known as a limited power of attorney.



**TIP: Consider nominating an alternate agent for medical and legal representation in case your primary choice is unavailable when needed. You could also utilize a professional local fiduciary.**

# Reassess periodically

Review your estate plan every three to five years



## Circumstances change

When life changes, consult with your estate planning attorney regarding whether you need to update your estate plan. This may include a marriage or divorce, the birth of a child or grandchild, the loss of a loved one, changes to your assets, or job changes.



## Laws change

Even if your circumstances don't change, laws may have; check with your professional advisors on any changes that may have implications for your estate or your beneficiaries.



**TIP: One less hassle? Yes, please! CFNS offers a flexible, free process for updating your charitable instructions without having to amend your will or trust. Contact us to learn more.**

# Types of Bequests

A bequest is a gift to another person, charity or institution as written in your estate plan. There are five types of bequests:

## General bequests

designate a specific amount or percentage of assets from the estate's pool of assets rather than from one specific account. For example, it might say something like, "I bequeath \$15,000 to each of my two grandchildren, John Doe and Jane Doe."

## Demonstrative bequests

gift a specific amount or percentage of assets from a specified account, (rather than the estate's pool of assets.) For example, "I bequeath 200 shares of ABC company stock to my brother, Benjamin Franklin."

## Specific bequests

are generally for specific property items; for example, "I gift my 2016 Honda Accord to my daughter, Clara Williams."

## Contingency bequests

give assets to a beneficiary only if specific conditions are met. For example, "I bequeath \$50,000 from my estate to my son, John Smith on the condition that he graduates from an accredited college by age 30."

## Residuary bequests

are typically whatever is left in the estate after all other bequests, debts, and expenses are paid. For example, a will might say, "I bequeath the remainder of my estate to my Donor Advised Fund at the Community Foundation of the North State." In this case, the fund would receive whatever assets are left in the estate.



**TIP:** Considering a bequest to charity or a fund at CFNS? We can help you draft charitable bequest language along with flexible, customizable instructions to ensure your intentions are carefully fulfilled. Contact our office or email us at [info@cfnorthstate.org](mailto:info@cfnorthstate.org) to learn more.





# Legacy Society

The Legacy Society is a group of generous community members who have named the Community Foundation of the North State in their estate plans or created an endowed fund at CFNS. We are honored to carry out their legacy and make a lasting difference in our communities.

Legacy Society members are included in periodic mailings and events to celebrate the impact of philanthropy in the North State. If you've included CFNS in your plans, or would like to know more, give us a call or visit [cfnorthstate.org/legacy](http://cfnorthstate.org/legacy).



*It's a powerful feeling to know I'll be helping others even after I'm gone. And I'm confident that CFNS will use my gift wisely.*

**Lynn Fritz**

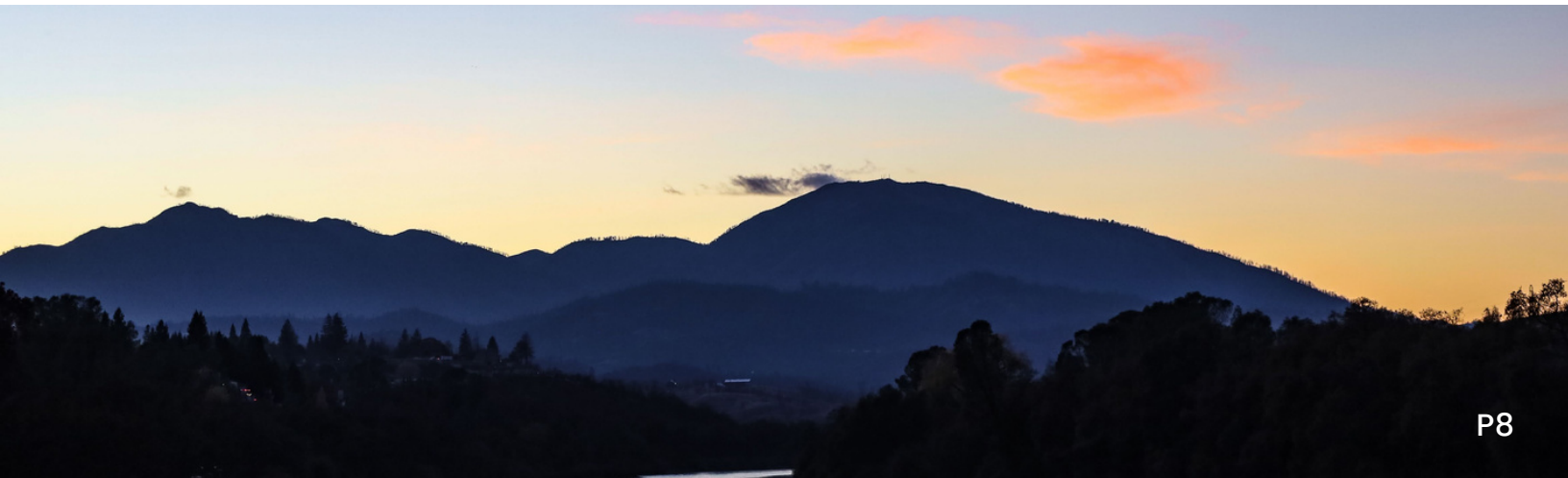
## Consider the Fund for the North State in your plans



FUND FOR THE  
NORTH STATE

The Fund for the North State at the Community Foundation was created to support the changing needs of our region with flexible, responsive grantmaking. This permanent, foundation-directed fund is invested to grow and grant in perpetuity to a wide variety of causes in Shasta, Siskiyou and Tehama Counties including:

- Programs that address local needs and provide emergency assistance
- Opportunities to improve the quality of life for North State residents
- Efforts to increase the impact of philanthropy and grantmaking throughout the North State



# Charitable Gift Options

Funds at CFNS can be established during your lifetime or through your estate plan and gift options can be customized to fulfill your charitable goals

## Donor Advised Funds

A Donor Advised Fund (DAF) is a simple and efficient way to support the causes you care about. By establishing a DAF during your lifetime or through your estate, you can receive a tax deduction. The fund's grant distributions are made according to your recommendations (or testamentary instructions) or as advised by your named successor advisors.

## Designated & Field of Interest Endowments

Another option is to make a gift to an endowment benefitting a specific charity or field of interest, such as youth or arts. The principal is invested to grow and grant in perpetuity per your instructions.

## Scholarship Endowments

Your gift can endow a scholarship fund benefitting local students pursuing a college degree or vocational certification. You determine the selection preference, which may include specific career fields, academic achievement, or extracurricular involvement such as sports or clubs. The principal is invested to grow and grant in perpetuity.



## Charitable Gift Annuity

A Charitable Gift Annuity (CGA) is a simple contract between you and CFNS, whereby you transfer cash or stock to CFNS in exchange for guaranteed lifetime payments. Donors age 65 and above find CGAs are a tax-savvy way to diversify their retirement income, especially since a portion of the payments may be tax-free. For a married couple, the fixed payments will last until both spouses have passed away. The remainder then benefits the cause or fund of your choice. CGAs can also be set up as a testamentary gift to benefit a loved one through your estate.

## Charitable Remainder Trusts

A Charitable Remainder Trust (CRT) is a qualified trust that pays you or your designated beneficiary based on the assets donated to the trust, which can range from cash, stock, real estate, business interests and more. Donors choose the payout rate, payout term, beneficiary/ies, and the charitable cause or fund to receive the remainder at the end of the term. A CRT may be right for you if you need to reduce capital gains tax, receive income, and create a substantial income tax deduction. CRTs can also be set up as a testamentary gift to benefit a loved one through your estate.

## Types of Giftable Assets

CFNS accepts a wide variety of assets to maximize tax benefits and create the best gift structure for donors. Learn more at [cfnorthstate.org/ways-to-give](http://cfnorthstate.org/ways-to-give) or contact us to see customized gift models.



Cash



Real Estate



Tangible personal property  
(including cryptocurrency)



Stocks & Mutual Funds



Ranch/  
Farmland



Life Insurance



IRAs & other retirement assets



Closely held securities & business interests



Mineral, timber, distribution rights



The Community Foundation of the North State is a grantmaking public charity dedicated to improving communities in the North State.



This guide is meant to provide information and should not be considered legal, tax or financial advice.

## Contact

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