

# *A Christian Guide to Estate Planning*





"AND HE LOOKED UP AND SAW THE RICH  
PUTTING THEIR GIFTS INTO THE TREASURY, AND  
HE SAW ALSO A CERTAIN POOR WIDOW PUTTING  
IN TWO MITES."

LUKE 21:1-2 NKJV

"IT IS THE MOTIVE THAT GIVES CHARACTER TO  
OUR ACTS, STAMPING THEM WITH IGNOMINY  
OR WITH HIGH MORAL WORTH. NOT THE GREAT  
THINGS WHICH EVERY EYE SEES AND EVERY TONGUE  
PRAISES DOES GOD ACCOUNT MOST PRECIOUS.  
THE LITTLE DUTIES CHEERFULLY DONE, THE LITTLE  
GIFTS WHICH MAKE NO SHOW, AND WHICH TO  
HUMAN EYES MAY APPEAR WORTHLESS, OFTEN  
STAND HIGHEST IN HIS SIGHT. A HEART OF FAITH  
AND LOVE IS DEARER TO GOD THAN THE MOST  
COSTLY GIFT. THE POOR WIDOW GAVE HER LIVING  
TO DO THE LITTLE THAT SHE DID. SHE DEPRIVED  
HERSELF OF FOOD IN ORDER TO GIVE THOSE TWO  
MITES TO THE CAUSE SHE LOVED."

THE DESIRE OF AGES, PG. 615

# Dear Brothers and Sisters in Christ,

Thank you for your interest in setting up a Christian Estate Plan. This can be a difficult thing for some people to do emotionally, but it will bring peace of mind knowing that your house is in order and that those individuals and charities that you wish to benefit from your estate will be included.

If, after looking through this guide, you have additional questions, or would like us to help you set up an estate plan, please contact us and we will be happy to help. You may contact us either by:

**Email:** [trust@txsda.org](mailto:trust@txsda.org)

**Phone:** (817) 790-2255 ext.2105

**Mail:** Trust Services  
Texas Conference of Seventh-day Adventists  
P.O. Box 800  
Alvarado, TX 76009-0800

**Website:** [www.TexasGiving.org](http://www.TexasGiving.org)

## Why do I need an Estate Plan?

During your lifetime, you may work 40 years to *accumulate* assets and spend 10, 20, or more years *conserving* that accumulation. However, many people take very little time to plan for the *distribution* of their assets before they pass to their rest.

In your Christian walk with the Lord, it's easy to understand that through proper planning, a gift of love and care left for your family and friends can be encouraging and inspiring. Even becoming a priceless offering or consecrated gift that brings glory to God's name.

A Christian Estate Plan is designed to help you provide for those you love, provide support for the ministries that are important to you, and protect both you and your family.



## *What are the benefits of a Christian Estate Plan?*

**Provision**— With a good plan, you can give loved ones and charities the property you have acquired in the right way, at the right time, and at minimal cost.

**Protection**— In addition, a good plan will help to protect you in your senior years. It may be important to designate a specific person to manage your property, help doctors and other medical staff with important decisions, and make certain that you are receiving the best possible care.

**Spiritual Legacy**— 1 Chronicles 29:10-14 clearly illustrates God's ownership of all. An estate plan acknowledges that ownership, helps to prepare the next steward, and ensures that your final act on earth is one of good stewardship.

## *How can an estate plan help me to accomplish my stewardship goals?*

Everyone wants to have a life with meaning. A good life dedicated to God is evidenced in gifts to Him—gifts of time, service, and resources. A good estate plan can indeed create a way to meet your stewardship goals.

Paul spoke to those in Corinth and said, "For God is the one who provides seed for the farmer and then bread to eat. In the same way, he will provide and increase your resources and then produce a great harvest of generosity in you. Yes, you will be enriched in every way so that you can always be generous..." 2 Corinthians 9:10-11 (NLT).

Your estate is a wonderful opportunity to bless others in need with a portion of your lifetime *increase* in property.

## *What if I have questions about some of the information?*

After reading this guide, you may have some questions. There are two resources that will help you. We have a wealth of online estate planning information on our website. Just log on to [www.TexasGiving.org](http://www.TexasGiving.org). In addition, we are always available to give you personal help. Call us at (817) 790-2255 ext. 2105 or email us at [trust@txsda.org](mailto:trust@txsda.org).

# Estate Planning Documents Defined

## **Will (Last Will & Testament)**

Your Will is a written document signed by you and two witnesses. These signatures must be witnessed by a Notary Public. If the Will is believed to be authentic by the probate court, it is used to determine the distribution of your property. If the Will is not valid, or you do not have a Will, the probate court will follow Texas state law for those without a Will.

With a valid Will, you are able to choose who will receive your property and who will administer your estate (Executor). If you have minor children, you can choose a person to raise your children (Guardian). With a Testamentary Trust (a Trust established at your death for the benefit of minor children or a family member with special needs), you are permitted to decide who will manage the Trust.

Without a valid Will, a judge might choose guardians for your minor children, select trustees to manage your property, and even award property to your distant relatives. The actions of this judge may not be what you would have wanted.

A valid Will is an essential part of transferring your property at the right time, to the right people, at the lowest cost. Without a valid Will, additional costs, delays, and the probability of expensive conflict increases.

## **Durable Power of Attorney for Finances**

As long as you are able to manage your affairs, everything is fine. However, there may come a time when you are in poor health or perhaps in the hospital. While lying on your hospital bed, you do not want to worry about your property being neglected.

A Durable Power of Attorney for Finances is the solution that protects your property. Should you no longer be able to manage your property, the person that you select has the right to act as your agent. Even if you are disabled or incapacitated, this person will have the legal right to manage your property. If you do not have a Durable Power of Attorney for Finances, it may be necessary for the court to appoint a conservator.

The court may select any person as conservator and there often will be expensive reports, audits, and costs in the management of your property. If you sign a Durable Power of Attorney for Finances, the person that you select may manage your property without all the expense of a court-appointed conservator.

## **Durable Power of Attorney for Healthcare**

The Durable Power of Attorney for Healthcare allows you to select a person who can assist your doctors in making healthcare decisions while you may be incapacitated. You may have a serious medical condition and the doctor will need the advice of another person regarding the best possible care for you. Your designated agent can help the doctors ensure that you have high-quality care.

## Advance Directive

The Advance Directive covers the time before your probable death. In the last days and weeks of life, there are a number of decisions regarding care, nutrition, hydration, and resuscitation that need to be made. The Advance Directive gives you the opportunity to offer recommendations to medical staff about the types of care to be provided to you at that time.

## Living Trusts

If you have a moderate or large estate, you may find it desirable to create a Living Trust. The Living Trust is completely within your control during your lifetime. You can add property to the Trust or remove property from the Trust at any time.

There are at least three major benefits of the Living Trust. If you are sick or in the hospital, your designated successor trustee can take over and manage your property for your benefit. Second, if you pass away, the property in the Living Trust will avoid probate and potentially save thousands of dollars in costs. Third, the Living Trust typically is a private document and is not made public during the probate process.

## Custom Estate Plan for a Special Needs Child

A child with special needs may be provided for through a Special Needs Trust. A Special Needs Trust will facilitate care of the child by providing resources and directions that will not disqualify them from receiving federal or state benefits.

## Charitable Gift Annuity

Many Christians, especially those age 70 and above, are very interested in fixed payments from a Charitable Gift Annuity. A Charitable Gift Annuity is an irrevocable document that is most often funded by a gift of cash. If you fund a gift annuity, you receive a substantial income tax charitable deduction and fixed payments for life. A gift annuity may pay for one life or for two lives. For a husband and wife, the payments will last until both have passed away.

## Charitable Endowments

Another option that you may prefer is to leave property or money in an endowment fund. The charity is not allowed to spend the principal of an endowment fund. Instead, the charity receives the income. Endowments may be left with specific instructions for their use. It is often helpful to suggest a *general purpose* for the endowment fund because it will last indefinitely.

Members of the church within the Texas Conference currently benefit from various endowment funds that have been established to assist with student aid and scholarships, as well as financial needs of certain elementary schools within the conference. Funds can be added to any of these existing endowments.

## THE “RIGHT AMOUNT” CHRISTIAN INHERITANCE

What is the right amount to leave for children or other family members? Here are some guiding principles for deciding on that amount.

First, everyone should provide for the needs of his or her family. “Anyone who does not provide for their relatives, and especially for their own household, has denied the faith and is worse than an unbeliever” 1 Timothy 5:8 (NIV).

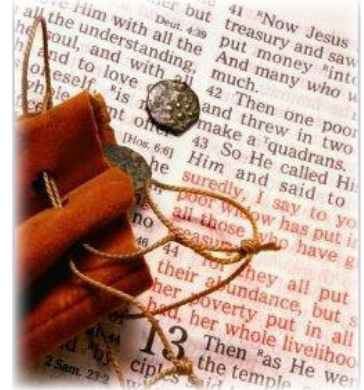
Second, this means that the inheritance provides a reasonable standard of living for the person receiving it.

Third, there are many who have received an inheritance large enough to cover both needs and wants. An inheritance that covers too many wants and desires may lead to unhappiness, greed, or a failure to seek the Lord for provision.

Some parents have been careful with their resources and have accumulated a significant estate. How can a larger estate be transferred with a good result for children?

A lump sum at one time may be unwise. A larger inheritance may be used more wisely if it is distributed over a longer time and at a later age.

A good plan may include a distribution of principal when the parents pass away, income for a period of years, and a final payout at a future date that you determine.



## PERSONAL PROPERTY DISTRIBUTION

### List to Dispose of Personal Property

Your Will or Trust is designed to transfer property to the person you select. However, many states (including Texas) permit you to update and maintain a list of personal items that may be changed whenever you desire. The list should describe the personal property and name who is to receive it, and must be signed and dated.

## *What is considered Personal Property?*

You are permitted to make a list of property that may include things such as silver, china, furniture, and collections of stamps, coins, art, and other personal items that are movable. The advantage of this list is that you may update it as you buy or sell these items or you may change your mind about who should receive certain items.

By making and updating this list, you can change the recipients as your property changes. It is important to be certain that you have signed and dated each list. Only the last list you have completed before your passing will be valid.

If some items on this list are very valuable (especially art and other collections), then it is important to discuss the transfer of these items with a professional advisor.

## **FREQUENTLY ASKED QUESTIONS (FAQS)**

### *1. How is Property Transferred?*

Some property is transferred by Will and some is transferred by a beneficiary designation or other form. You need to know how your property will be transferred in order to avoid an accidental disinheritance. With a good plan, your property may be transferred as you desire.

### *2. What is accidental disinheritance?*

Too many times, the wrong person ends up receiving property. An accidental disinheritance occurs if you either have no Will or the Will doesn't function properly. Sometimes a Will is unclear and the estate goes to distant relatives or is simply paid to CPAs and attorneys who are representing family members fighting over the estate. You can avoid an accidental disinheritance by creating a good plan to protect your loved ones.

### *3. How can I avoid probate?*

In many cases, property can be transferred without probate. For example IRAs, insurance policies, and some other assets may be transferred through a beneficiary designation. If you are on a title with another person as joint tenant with right of survivorship, under state law, property rules the real property will be transferred to the survivor. Finally, many Living Trusts hold real estate and that property will be transferred to the beneficiary of the Trust.



#### *4. If I use beneficiary designations, my real property is jointly owned, and other types of non-probate transfers are used, do I still need a Will?*

While a majority of property can be transferred through non-probate methods, your estate will require a Will. If you have minor children, your Will is used to select their guardian. Your estate invariably will include some personal items and other assets that are subject to the Will. You may also receive an inheritance or lose your life in an accident that provides a large judgment to your estate. In all of these cases, it is essential to have a Will to transfer your property as you choose, not as the court determines.

#### *5. What is a Testamentary Trust?*

A Testamentary Trust is one that is established *at your death*, usually for the benefit of minor children or a family member with special needs. The Testamentary Trust language is written into the distribution of your Will or your Living Trust. You stipulate the amount to be placed in the Testamentary Trust and direct how the funds are to be used. You will also name someone to manage the funds in the Testamentary Trust (the “Trustee”). The Trust continues to provide for the care and support of the Trust beneficiary/beneficiaries until they reach a certain age, a certain life ‘milestone’ (such as college graduation), or until their death. Any funds that are left in the Testamentary Trust at that time are then distributed according to the directions that you have also placed in your Will or Trust.

#### *6. Why is selecting a guardian for minor children so important?*

The guardian will perform most of the functions of a parent in teaching the child, selecting his or her school, providing ethical or religious education, and many other aspects of the child’s life.

#### *7. For a young person with a modest estate, which is a better option - a Will or a Living Trust?*

For a young person with a modest estate, it is important to get started in the estate planning process. A Will is the basic step and is generally all that is necessary. However, if you own substantial real property, a Living Trust may be a good addition, even for a younger person.

### *8. Who are the primary beneficiaries of a Will?*

You decide. One of the first decisions that you make is who will receive your assets (real estate, bank accounts, investment accounts, personal affects, etc.). These are your primary beneficiaries.

### *9. When should I select a contingent beneficiary?*

It is always a good idea to select a contingent beneficiary. The contingent beneficiary will receive property in place of a primary beneficiary who may no longer be living.

### *10. Is estate planning more than a Will?*

A complete estate plan cares for both your property and your person. A Will and, for some people a Living Trust, is important for the management and distribution of your property. But, caring for your person requires creating Durable Powers of Attorney for Healthcare and Finances, and Advance Directives.

### *11. Is it important to express my preferences on end-of-life care through an Advance Directive?*

Yes. While different states may use different forms and have a different name for the document, all permit you to express your healthcare preferences for end-of life care.

### *12. Is a family member who lives out of state a good choice for my healthcare agent?*

While you can select any family member or friend who may live in another state as your healthcare agent, it is helpful to select a person who is in the area so that he or she is available if you need an immediate healthcare decision.

### *13. Should my Will, medical papers, and Advance Directive be kept in my safety deposit box?*

No. Your healthcare powers should be given to a friend or advisor so they are available if you are in the hospital and need their assistance. If you pass away, access to your safety deposit box will be denied to anyone else, and no one will be able to retrieve your Will. The Durable Power of Attorney for healthcare or Advance Healthcare Directive will need to be available to your healthcare agent.

# The Shortest Day

Every day has 24 hours—1,440 minutes—86,400 seconds. Or does it? If the Lord does not come before, a short day is coming for all of us—a day when we will not reach the 86,400th second.

We may have lived a long and useful life, filled with great memories. First, the learning years—youthful and vibrant time spent in school with classmates. Second, the earning years—that first job, building a career and meeting many friends and business associates. Third, the retirement years—when you plan more time with all your family and friends.

In many ways, you have made an impact on family, friends and countless others during your lifetime. Yet, there is one more opportunity—through your estate to make a meaningful difference. Consider this story.

John D. Rockefeller founded Standard Oil in 1870 and became the richest man on the planet. When he passed away, his accountant was asked, “How much of an estate did he leave?” His accountant’s answer was, “All of it.”

During his lifetime, John D. Rockefeller accumulated many assets. He also gave generously both during his lifetime and through his estate. But, he also understood Psalm 49:16-17, “Do not be overawed when others grow rich, when the splendor of their houses increases; for they will take nothing with them when they die, their splendor will not descend with them (NIV).”

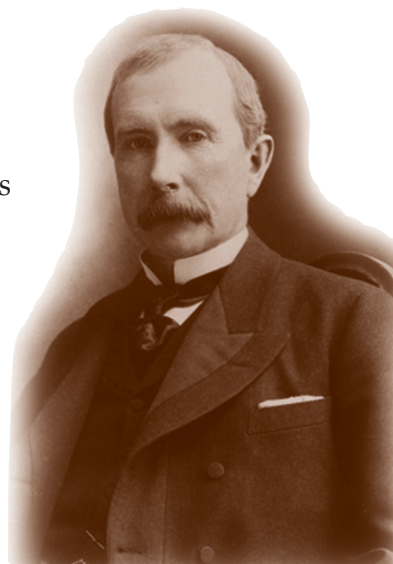
You also have accumulated and given. Yet, when your life on the earth is ended the accumulation period is over. As was true with John D. Rockefeller, everything will be given to someone or for some purpose.

Thank you for your gifts to the Lord’s work during life. We know you have carefully thought and prayed about how much to give, to whom to give, and how to give. Now, we invite you to think about a living legacy.

This is called a living legacy from your estate because through this gift you live on—at least in the sense that your lifelong efforts for accumulation continue to bear fruit in helping others.

Many Christians find great joy and satisfaction during life knowing that their estate will someday make a great difference in the lives of others.

Only the Lord knows if your shortest day is coming soon or is many years into the future. But, your chance for the satisfaction of a legacy that touches many others can be here today.





TEXAS CONFERENCE OF



SEVENTH-DAY ADVENTISTS

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**Disclosure on Attorneys and This Charity**

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