

# The Keys to Giving it Away: What is Christian Estate Planning?

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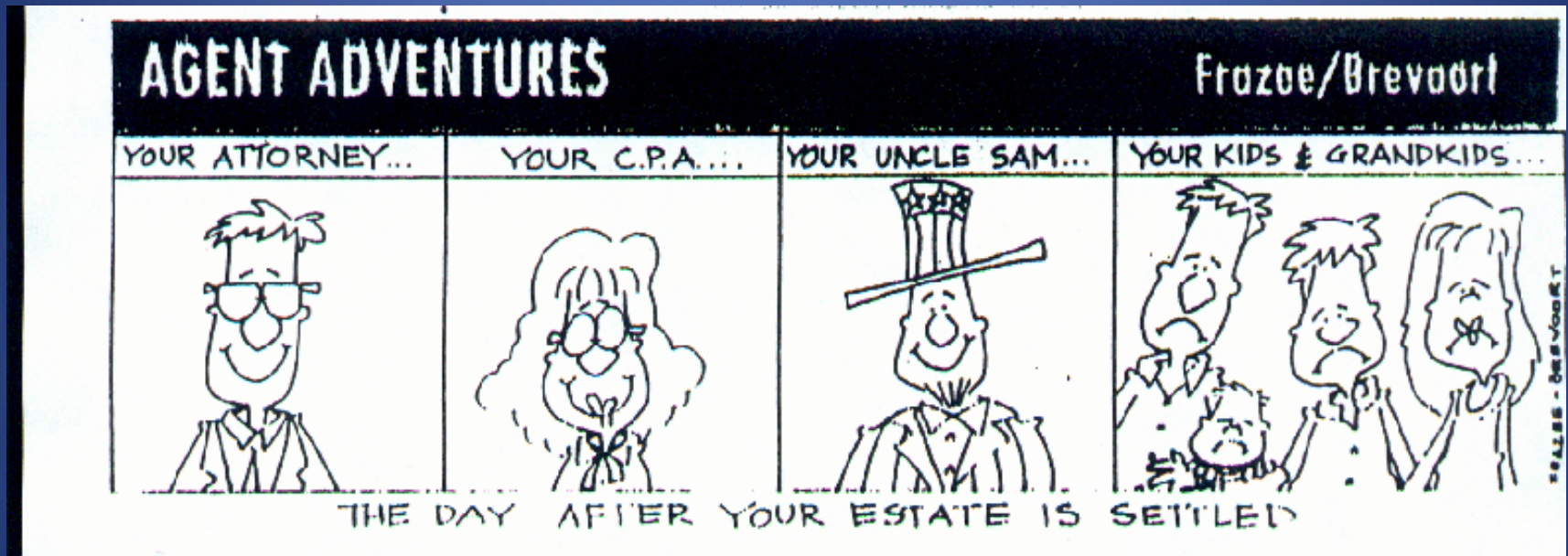
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# Definition of Christian estate planning

- Wisely managing and controlling your property for you and your loved ones while you are alive and competent
- Providing for your care and the care of your loved ones in the event of a physical or mental disability
- On your death, giving what you have to whom you want, the way you want, when you want, all at the least possible overall cost in taxes, court costs, attorney's fees and administrative expenses, keeping Biblical principles in mind throughout
- Doing it all to the Glory of the Lord!

# What does the day after your estate is settled look like?



# Goals

- Discuss the intersection of Scripture, law and stewardship
- Discuss lifetime concerns and issues (not just death planning)
- Discuss current planning trends and best practices relating to disability and retirement planning and wealth transfer/legacy planning
- Discuss how to efficiently and effectively provide for you and your loved ones, consistent with Scripture and Christian principles, attitudes and behaviors

# Stewardship

Stewardship is a way of life for Christians

- Recognizes that all we have is a gift from God
- We have an obligation to wisely manage the blessings that we have: property, our minds and our health
- Our time and our talents should be used to the best of our abilities
- We have an obligation to provide for and care for our families and our loved ones

Scripture to guide our thinking:

Psalms 24:1

2 Cor. 8:7, 9

1 Timothy 5:8

Ephesians 6:4

Proverbs 22:1, 2, 4, 6

Luke 16:13

- Stewardship planning can survive us:
  - Biblical stewardship considers the lifetime use and the final distribution of our assets
  - Includes instructions about the care that we want for ourselves and our families
  - Considers charitable use/giving of some of our assets in keeping with Biblical tithing principles
  - We should use what God has given us to express the love that we have for our family and our friends

# • Inheritances and Legacies

- We tend to equate inheritance with legacy.
- The two are different.
- An inheritance is property or wealth (VALUE) passed to those we leave behind
- A legacy is the passing of lasting VALUES to those we leave behind.
- Let's plan to leave both.



# Estate planning basics

- There are three distinct events that we need to prepare for:

Now, while you are alive and competent

Upon disability/incapacity, if that occurs

After your death

# What's in a basic estate plan?

“Property” planning documents

- Last Will and Testament

- Or Trust based planning

- Durable power of attorney

- Personal property memorandum

Healthcare planning documents

- Healthcare power of attorney

- Effective information release (HIPAA)

- Living will/advanced directive

- Medical order for specific treatment (MOST)

# What if I do nothing?

- Relinquish control to the State and to those you can't control
- Intestacy = probate
- May defeat tax planning
- Can't control circumstances of your incapacity
- Can't manage inheritance for heirs

# Tools for Christian estate planning

- Plan for your incapacity, for your passing, for your children and grandchildren
- Express your faith: Christian preambles/statements of faith
- Focus on stewardship
- Christian conciliation clauses/In terrorem “reminders”
- Teaching and practicing stewardship in life and death
- Stewardship with healthcare planning
- Charitable giving

# Estate Planning Goals: Peace Of Mind and Family Harmony

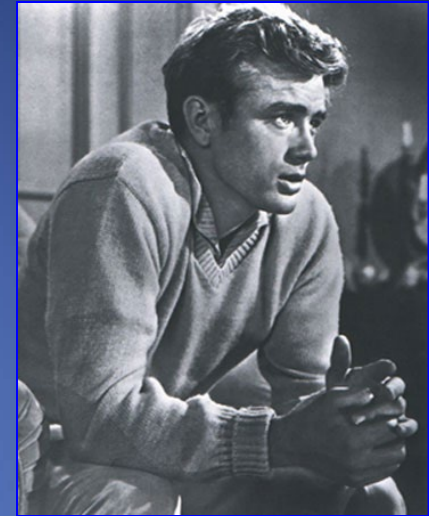
## Three Keys NOT USED by “Rich & Famous”

1. Maintaining control during incapacity
2. Efficient and intentional wealth transfer at death
3. Protecting beneficiaries from others & themselves



Famous mistakes:  
Are they instructive?

# Intestacy



- James Dean:
  - Died at age 29 without a will
  - Entire estate, including licensing fees, passed to his father, who had abandoned him as a child.
  - Licensing fees generate \$1 - \$3M annually.

# Unintended Heirs



- Marilyn Monroe:
  - Died at age 36
  - Will left 75% to Marilyn's acting coach, Lee Strasberg, with "wishes" to donate to charity.
  - Strasberg later married, and at death in 1982, his estate plus all Monroe's licensing and royalty fees went to his widow – a complete stranger to Marilyn – and not to charity!
  - Licensing fees generate over \$1 annually.



# Predators, Spend-thrifting



- The Woolworth *Misfortune*: Barbara Hutton & F.W. Woolworth
  - Granddaughter of Woolworth's founder
  - At age 10, inherited \$25M in trust.
  - Trust (2022 value \$422,000,000) ended when Barbara turned 21, in 1933.
  - 46 Years and 7 husbands later, dies at age 66 with mere \$3,000.
  - Years of relentless exploitation, spousal abuse, drug addiction and outrageous, uncontrolled spending.

# Pension Fiasco



- John Denver
  - Died in a plane crash in 1997 with no estate plan.
  - \$19M Estate probate and IRS disputes took over 6 years.
  - Failed to name pension beneficiary! Result? Loss of tens of millions in taxes and tax-free compounding over the life of his children.

# Common Mistakes



#1 Mistake  
Failing to Address  
Health Care Decisions

# Modern Medicine

- 85% of deaths occur in hospitals and nursing homes (i.e., long term care)



# Health Care Decisions

Result:

Longer periods where patient  
lacks decision making capacity



# Health Care Decisions

## Problems Created By Failure to Plan:

- Conflict – Terri Schiavo
- No “Decision-maker”
- No Directions
- Delays
- Costs
- Guilt



# Solution: Healthcare Planning

- ▶ Health care powers of attorney
  - Identify Decision-Makers
  - Give them directions and powers
  - Make clear statements of intent to loved ones
- ▶ Effective and complete releases
- ▶ End of Life Directives
- ▶ DocuBanking: quick access





# HIPAA – Limits Access to Your Private Health Care Information

- Medical personnel face stiff penalties
- Reluctance to permit family members access
- Special HIPAA Authorization ensures access to medical information and communicating with medical providers





## #2 Mistake

No plan to control financial & property  
matters during incapacity

# Stuck in Conservatorship During Lifetime

Without appropriate legal documents to manage your assets during incapacity, a court supervised “conservatorship is probably inescapable”



\*\*\* Source: Minnesota Attorney General, Consumer Protection Division

# Reasons to avoid conservatorship

- “Time-Consuming”
- “Expensive”
- “Cumbersome”
- “Creates Delays”
- “Emotionally Trying”
- “Public Record”
- “Many cases of abuse go unnoticed”



# Avoid Conservatorship with Current and Complete Durable Powers of Attorney

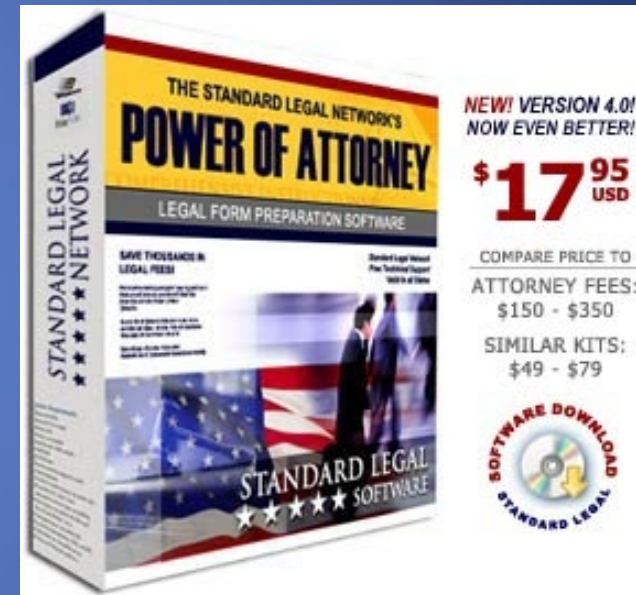
Durable power of attorney An individual can delegate to an agent the power to make financial transactions on his behalf if he is unable to do so himself.



- Is my DPOA current?
- Is my DPOA adequate/complete?

# Caution – Powers of Attorney

“A power of attorney that is not well-thought out can not only be ineffective but may be even counterproductive in achieving the principal's overall objectives”



Estate Planning Journal – March 2005

# Provisions often left out ...

- Power to sell home
- Power to care for pets
- Power to fund trusts
- Powers regarding US Mail
- Powers relating to Medicare benefits
- Powers to handle digital assets





# Avoid Conservatorship with a Trust

## Incapacity directions and care through a trust:

- With a trust, a person can appoint a trustee to manage his or her financial affairs and thus can avoid the need for an appointment
- The trust establishes the directions for care
- The “gold” standard



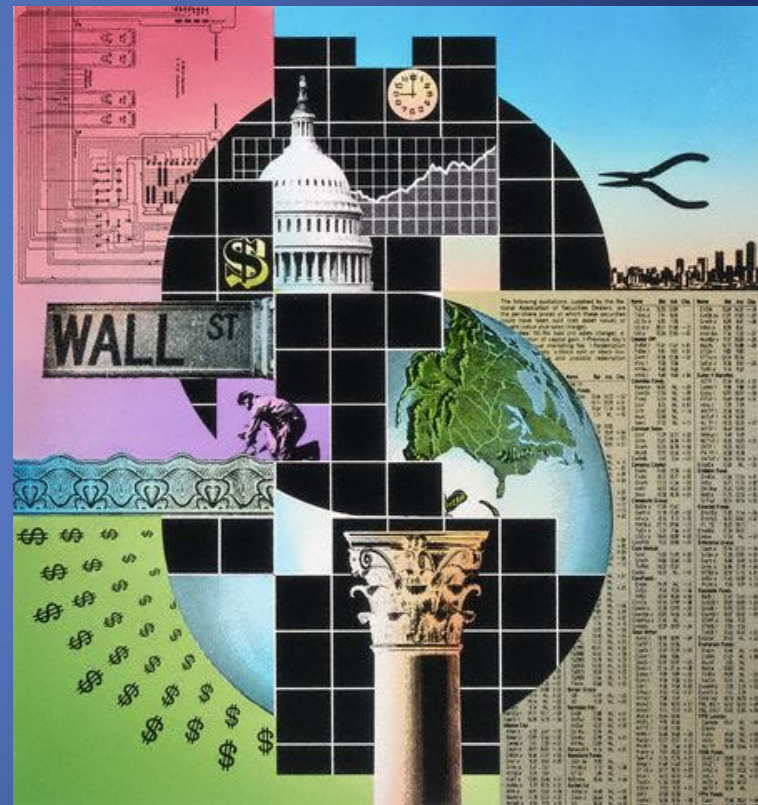




#3 Mistake  
No Wealth Transfer  
Plan/Strategy

# Wealth Transfer Plan

- Tailored to the assets you own
- Accounts for your unique family situation
- Designed to streamline transfer
- Can be quick and cost efficient



# One Solution: Will that effectively disposes of your property

- When you want
- To whom you want
- In the manner that you want

# Solution for More Complex Situations: Trusts

- Comprehensive management of assets
- Equalization of giving at death
- Trusts as a stewardship vehicle for kids and grandkids
- Can specify distributions for specific needs and gifts
- Create incentives
- Protect children from failed marriages
- Protect children from poor decisions (shiny things)
- Protect children from creditors



#4 Mistake:

Thinking Children – Minor And Adult –  
Don't Need Inheritance Protection

# What if your child ...



- Becomes instantly “rich” at 18
- Suffers a divorce
- Experiences creditor problems
- Gets sued
- What is more dangerous to give my child?



# Children's Trust – Inheritance Protection

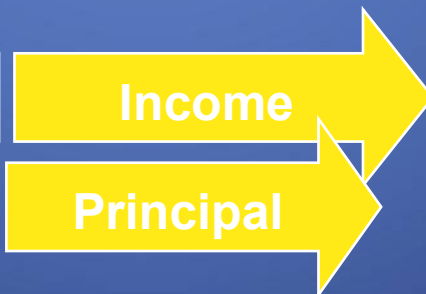


- Adult child can be co-trustee or eventually trustee of her trust
- Has significant access to income and principal
  - Health, Education, Maintenance, Support
- Can ultimately consume it all – few strings attached
- But offers protections along the way

# Keep it in the Family!



**Lifetime  
Children's Trust**





# Children's Trust - Benefits

- Can teach and promote stewardship
- Can protect inheritance from children's divorces
- Can protects inheritance from lawsuits, bankruptcy, personal injury claims, IRS, etc.
- Can protects child against spend-thrift



## Mistake #5

Failing to Organize and Consolidate

# Biggest factors causing estate administration delays & increased costs

- Lack of communication
- Inability to locate assets
- Redundant accounts
- No centralized administration
- CONFLICT



# Get organized and proactively plan!

- Consolidate Accounts
- Estate Planning Portfolio Repository
- Emergency document access
- Electronic solutions
- Family discussions
- Common sense planning and actions





#6 Mistake  
Failing to Plan for Tangible  
Personal Property

# Most common “fights” after death: Tangible Personal Property (LA Times)

- Sentimental items
- “Reminders”
- Photos
- Jewelry: the wedding ring case
- Artwork
- Collectibles



# Tangible Personal Property -- Solutions

- Personal Property Memorandum
- Communication
- Clearly articulated process
- Lifetime gifts





# Mistake #7 – Believing Estate Planning is a “one time” event

- Estate planning is a lifetime process
- Personal and legal changes occur
- Lasting relationships are key
- Update: when the law changes and when your family has changes





# Should I do this myself?

Prov. 11:14

“Where no counsel is, the people fall: but in the multitude of counselors there is safety.”

Prov. 15:22

“Without counsel purposes are disappointed: but in the multitude of counselors they are established.”



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