

Spring 2005

# Foundations for the Future



*A special gift, estate, and financial planning newsletter for friends of the Pine Rest Foundation*

## Announcing The Founders Circle

The Pine Rest Foundation is pleased to announce that we have established a new society for planned giving donors to Pine Rest and the Pine Rest Foundation. It has been named *The Founders Circle* in honor of those who founded Pine Rest in the early 1900s.

*The Founders Circle* recognizes those friends who have made a commitment to carry on the mission of Pine Rest Christian Mental Health Services through a planned gift to Pine Rest. Your commitment will ensure that the healing ministry of Jesus Christ, which was the passion that inspired our Founders, will continue on into the future.

### *How can you make a difference?*

Pine Rest has been able to respond to the call for help because of the faithful gifts of our supporters. Planned gifts have always played an integral role in sustaining Pine Rest's mission. During the Great Depression, a generous estate from William Van Agthoeven kept Pine Rest solvent through the most difficult years. More recently, a donor bequeathed a donation to Pine Rest so the "Kingdom Work" can continue at Pine Rest and be available in the future for those in need of Christian mental health care.

When viewed individually, a bequest, deferred gift, life income agreement, gift of life insurance, or gift of real estate may not seem to make an impact, but when combined with others, it has the power to change and improve lives through the healing ministry of Jesus Christ. That was the vision of the Founders, and that is the mission of *The Founders Circle*.

Won't you consider being a part of our Founders' dream? As Proverbs 22:9 states, "Blessed are those who are generous, because they feed the poor." Your support helps us provide spiritual and emotional nourishment to individuals struggling with mental illness and ensures that future generations can receive the Christian mental health care they need and deserve. You have a beautiful legacy to leave! Establish your legacy today. If you have any questions, need assistance in establishing an estate plan, or would like more information about *The Founders Circle*, you can contact Scott Halquist at (616) 281-6375 or [scott.halquist@pinerest.org](mailto:scott.halquist@pinerest.org).

## *Provide for Loved Ones First*

Charitable bequests need not affect your family's future security. After your loved ones have received the property you designate for them, you can include a gift in your will of the remainder of your estate.

A charitable gift of the residue of your estate can also be changed at any time, at your discretion.

## 'Pouring Over' With a Will

Even if you have a revocable living trust, joint ownership, or other arrangements to handle the majority of your estate distribution, most experts agree you probably also need a will.

Frequently, a *pour-over* will is used in conjunction with a living trust. The will causes any property not already placed in the trust to "pour over" into the trust at your death and be distributed according to trust provisions.

Personal property such as household items and valuables such as collections, jewelry, and family heirlooms are often not convenient to place in a revocable living trust. In the absence of a will, they will be disposed of according to state laws, as if you had no plan. A pour-over will helps you "tie up loose ends."

# Different Paths Lead to Special Gifts

Gifts by will can be a great source of satisfaction and may actually enhance estate plans.

## Giving "what's left"

Mr. and Mrs. Smith are providing for their three children equally in their wills. They also wish to name a charitable beneficiary.

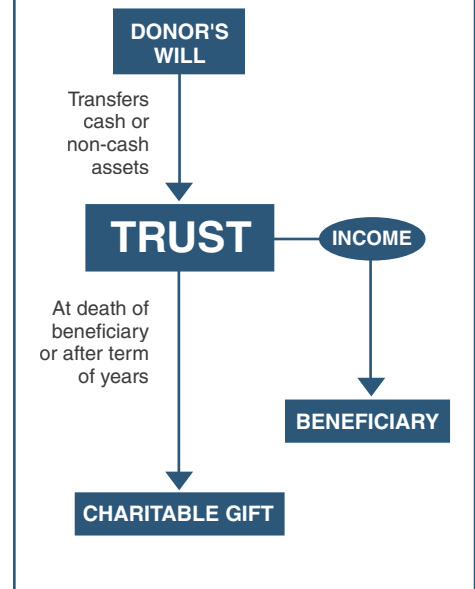
Their decision: an outright bequest of a certain dollar amount or specific property to each child. Then, in case their estate should increase in value unexpectedly, they add a "residual" bequest, stipulating that their children and the charity should share in what remains in their estate. They specify what percent of the residue they wish to give to each child and to charity.

In this way, the Smiths have provided for everyone in their family as they wish. Plus, they arrange for an extra charitable gift in case the funds are available. A federal estate tax deduction is allowed for all charitable bequests.

## A double-duty will

Ms. Green provides in her will that a certain share of her property be left to her five nieces and nephews. The rest of her assets will be used to fund a trust to provide income to her sister. At her sister's death, the remaining funds in the trust will become a charitable gift.

## A Way to Provide for Others by Will



Because the funds are ultimately destined for charitable use, Ms. Green's estate will receive an estate tax deduction for part of the amount used to support her sister. As a result, her nieces and nephews may receive larger inheritances, and taxes will take less.

By planning, you can provide for your loved ones and further other goals, too. Contact us for more information regarding the different ways you can make a charitable gift through your will. We will be happy to provide you with more information at no obligation to you.

# Living Trusts: A Popular Alternative

When experts caution that “your property will be distributed by the state unless you have a will,” they usually add an important qualifier, “or other legal instrument.”

Often referred to as *will substitutes*, such legal arrangements as joint ownership and trusts perform many of the same distribution functions as a will. Revocable living trusts, in particular, have recently grown in popularity.

A revocable living trust is a legal document best prepared by your attorney that:

- Stipulates how property in the trust will be distributed at your death.
- Holds and manages whatever property you wish during your life.
- Provides for management of property should you become incapacitated.
- Avoids probate.
- Is private—not a matter of public record, like a will.

Revocable living trusts take more effort and expense to prepare than do most wills. However, you may prefer a living trust to a will because of its privacy and the ability to arrange for asset management during life.

One key to remember about a living trust: No matter how well-written, its provisions can only affect assets placed in the trust. A pitfall of living trusts can be the failure to *fund*, or place assets in, the trust.

If the trust has not been funded by the time the person making the trust dies, it will be as if he or she had no legal instructions for the distribution. Unless a will has also been made, property will pass according to state laws. (See page 2 for information about the “pour-over” will.)

## *Charitable dimension*

Like a will, a living trust may name individuals and charities alike to receive legacies. Outright gifts as well as gifts arranged through trusts within the trust are possible.

In fact, virtually any type of transfer that can be made in a will can be handled in a living trust.

As you can see, a will is not the only way to assure enactment of your wishes after your lifetime. Your estate planning advisors can help you decide the best ways to accomplish your desires.



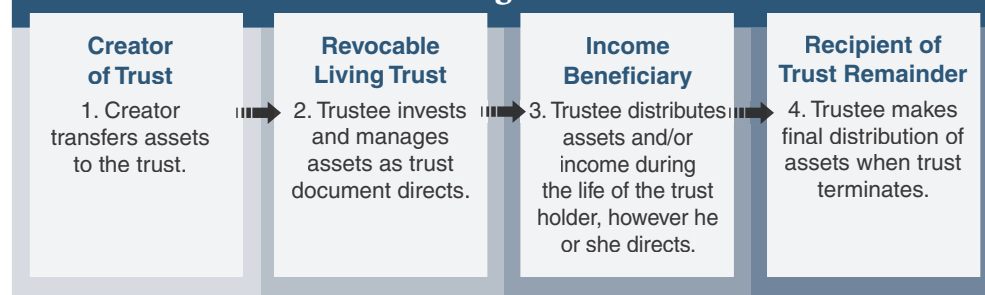
## WHAT ABOUT LIVING WILLS?

We've talked about wills and living trusts in this newsletter. What about another type of will you may have heard about—a living will?

A living will is a statement about how you wish to be cared for should you become terminally ill and unable to make your wishes known. Living wills usually stipulate that heroic measures not be used to prolong the dying process in the event there is no chance of recovery.

Many hospitals provide sample living wills, and your attorney or physician can also offer more information.

## *How a Living Trust Works*



## *Keeping Up to Date*

*Effective estate planning is an ongoing process. Once you create your plan, remember to periodically review and revise it with the help of your advisors.*

# *Why Consult an Attorney?*

With a variety of “do-it-yourself” will planning kits on the market, is there a real need to go to the trouble and expense of hiring an attorney to plan your estate?

For most persons, the answer is probably yes. By working with an attorney who is experienced in estate planning matters, you will see firsthand how he or she can help you and your loved ones by:

- Recognizing pitfalls and taking steps to minimize their impact.
- Staying current on complex state and federal laws, including changes that occur and court interpretations of such laws.
- Helping to reduce or eliminate estate taxes.
- Being familiar with legally correct wording so that your wishes are accurately conveyed.

- Making sure that the impact of insurance and retirement plan designations are considered.
- Safeguarding documents once they are completed.

Failure to make estate plans can place a tremendous strain on loved ones at a most difficult time. Investing a moderate amount of time and other resources in good advice today may prevent unpleasantness for those you care about most.

Attorney’s fees for estate planning can be quite reasonable, and most will commit to a maximum fee in advance. If you do not have an attorney, or if you need an estate planning specialist, ask for recommendations from friends, relatives, or your local bar association.

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If you are interested in receiving more information on estate planning, simply complete and mail the enclosed form in the return envelope provided.



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*The Pine Rest Foundation exists to provide Pine Rest Christian Mental Health Services with financial resources and community support so its ministry of love and healing in Christ’s name can flourish and be enhanced.*