



# *Hope for a Better World*



A Creative Estate Planning Newsletter for friends of Ananda

## **Your Will:** *The Cornerstone of Your Estate Plan*

The Will is the cornerstone of a mature person's plan for the inevitable. Yet statistics gathered from the probate courts throughout the United States indicate that seven out of eight people die without a Will and that 80% of those Wills which were written do not adequately carry out the intentions of the deceased. Circumstances changed, but their Wills did not reflect those changes.

Why? The reasons are many, and books have been written on the subject. The answer may be in the way our country grew and the goals we as Americans set for ourselves. In our quest for progress and our preoccupation with staying young, we have become a death-denying society. Despite a general acceptance of the adage, "Only death and taxes are sure," death has become a subject that is avoided and ignored. As a result, many people resist writing a Will because to do so would force them to face their own mortality.

The following are reasons many people fail to make a Will. Hopefully, as we better understand ourselves, we will appreciate the urgency of writing or updating our own Last Will and Testament.

### **1. Procrastination**

People think they have more time than they actually do.

### **2. Too Little Property**

Actually, people with small or modest estates can least afford such a misconception, and their heirs cannot afford to have their smaller inheritances wasted in unnecessary court costs, probate expenses and attorney fees.

### **3. Too Expensive**

A properly drawn Will, directing the distribution of what you accumulated during your lifetime, may be the best bargain of your lifetime.

### **4. Dislike for Legal Instruments**

Otherwise intelligent people will avoid taking the necessary step of contacting an attorney because they feel inadequate and incapable of understanding what is being done.

### **5. A Reluctance to Face Death.**

People refuse to face the reality of death because they do not want it to happen.

Whatever reasons people may use to forfeit their rights and privileges of planning the distribution of their estates to their loved ones and favorite charities, the fact remains that it is expensive - and wasteful. Please believe that whatever plans you make now for the inevitable will be appreciated by those you leave behind.



## A Charitable Bequest

One of the highest compliments you could give us is to remember the Janaka Foundation in your Will. This means that you are equating us with your family and close friends, that you not only believe we should continue doing what we are doing now, but that we should also continue to do so in the future, and that you are supporting this belief with a bequest.

In our modern society, even people with charitable intent often find it difficult to make large gifts while they are living. However, they may find it attractive to make a significant gift if it is given through their Will. Therefore, the question should be asked of every friend we have, "Have you ever considered leaving the Janaka Foundation a portion of your estate through your Will?"

## Accelerating a Bequest

Accelerating a bequest is one way for our friends to achieve their already stated objective - to ensure that our work will continue after their passing - and enhance their present financial circumstances through the tax savings.

For example, a friend has informed us that she is remembering us in her Will with a specific bequest of \$10,000. She is 72, widowed, and her estate is such a size that it is very unlikely that she will ever need this \$10,000 of principal, representing the bequest, during her lifetime. Therefore, it would be financially advantageous for her to fund a **Charitable Gift Annuity** for that amount. For the rest of her life, she would receive a yearly annuity of around \$670, made in quarterly payments. Plus, her gift has generated significant income tax savings for her.

If she were to use appreciated securities to fund the gift annuity, she would realize additional tax savings in the avoidance of long-term capital gains tax, thus lowering the real cost of the gift even more. Plus, she would have "locked in" her gift to us.

## Gifts of Income Streams

It is natural for generous people to want to leave something of themselves to those who are closest to them during their lifetimes. It is also natural for these same caring people to want to remember their favorite charities in their Will.

It would seem as if there is a conflict - either to make bequests to family members or to make charitable bequests to help others, possibly strangers.

But there is a way to do both by employing the creative estate planning technique of "income streams."

Here's how it works: A charitably inclined widower, age 78, was the older brother in a family of five. He definitely wanted to remember his brothers and sisters with specific bequests in his Will. A gift counselor suggested a charitable option - fund five Charitable Gift Annuities naming himself as the first-life annuitant and each of his siblings as the survivor beneficiary.

By allowing his estate to do double duty - first to himself, then to family members and eventually to charity - he has:

- \* increased his rate of return to as high as 7.6%
- \* sheltered current income through the charitable deductions
- \* avoided considerable long-term capital gains tax by funding the annuities with appreciated securities
- \* reduced probate costs and estate tax liability
- \* memorialized his concern for family and others served by his favorite charity

## More Information .....

If you are interested in learning more about how you can perpetuate your values beyond your lifetime, we invite you to send for a complementary copy of *A Guide to Planning Your Will* and/or *Planning for the Future*. **Simply return the enclosed card for your copy or call Parvati Hansen at the Janaka Foundation office at: 530-478-7695**

This newsletter is provided by the  Janaka Foundation.

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This newsletter has been written by qualified specialists in financial planning and offers explanations of current techniques in easy-to-understand language. Through charitable gift planning, you can help us to prepare for our future of helping others. The information provided is general in nature. Each reader should consult his or her own counselors in applying the principles provided here.

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