

WILLS & TRUSTS

FAITH & VALUES

A will is a wonderful place to reflect faith, values and priorities. Wills can be used to donate gifts to a church or a charity you care about. A common charitable bequest is a 10 percent tithe to benefit a church or charity. Some view charity as another “child” to include in distribution of assets. Even if you have limited money or other assets, a will lets you decide what happens to your assets.



WHAT HAPPENS WITHOUT A WILL

Without a will, the disposition of your estate will be decided by the state. Dying without a will is known as “*dying intestate*”. In “*intestacy*”, state laws determine how assets are distributed which may not be according to your wishes and may create extra expense. A will with clear directions for distributing assets can help reduce stress about what happens to your assets.

UPDATING YOUR WILL

It’s important to update your will as your life changes. Marriage, remarriage, births, deaths, sale or purchase of property, changes in income and tax laws can create the need for an updated will. A general rule is that wills should be reviewed and updated, if necessary, every 5 to 7 years.

SEEKING HELP

Because wills can be complex and state laws vary, we highly recommend working with a licensed attorney to create your will. Many attorneys charge a modest fee for the assurance of a valid document.

CHARITABLE PLANS

Virginia United Methodist Foundation can serve as a fiduciary (executor for your will or as trustee for your estate held in a trust). Many people appreciate the idea of an institution serving these important roles for their estate. As a faith-based organization, Virginia United Methodist Foundation will respect and honor your values in carrying out your will or trust. Virginia United Methodist Foundation can help you give to a church or charity through your will. Several gift plans are available to help you achieve financial goals important to you.



Services provided by:
Virginia United Methodist Foundation

10330 Staples Mill Rd.
Glen Allen, VA 23060
804-521-1121

foundation@vaumc.org
www.VAUMF.org

A REFLECTION
OF YOUR FAITH



TRUSTS

A trust is a document that describes how your assets are to be managed for the benefit of others. An important part of setting up a trust is naming a Trustee.

WHY A TRUST?

Trusts can be established for many reasons, most are rooted in concerns for family members, a business, or a charity. There are a variety of reasons for establishing a trust::

CARING FOR LOVED ONES: If you have minor children, an adult child with disabilities or other dependents; you may establish a trust to manage assets you left to them.

MAKING A GIFT TO CHARITY: You can use a trust to make a gift to a charity while providing income and reducing income taxes. Treating a church or charity as one of your beneficiaries can illustrate the importance you place on your faith.

MANAGING ESTATE ISSUES: Large estates are subject to high taxes due on the amount above the government's exemption limit. Estate taxes affect fewer people today but if your estate is above that limit, placing some or all of your assets in a trust can reduce taxes your heirs would owe.

BASIC TRUSTS

TESTAMENTARY TRUSTS can spread out payments from the trust over time. These trusts often are established to care for minor children by providing regular payments until the child reaches a certain age or to pay for specific expenses, such as college tuition.

INTER VIVOS TRUSTS (living trusts): continuous management of assets. Assets in a living trust usually are not subject to probate proceedings, providing a quicker distribution of funds to beneficiaries. There are 2 types of inter vivos trusts:

- **Revocable** as the name suggests, can be canceled and the assets return to your estate.
- **Irrevocable** is permanent.

TRUSTS BY PURPOSE

*Trusts also are categorized by the reason they are established.
Some common purposes are:*

CHARITABLE REMAINDER TRUSTS allow you to place some of your assets into a trust that eventually will go to a designated charity. These trusts offer tax advantages, such as deductions for charitable giving. They also provide an income stream for you and your beneficiaries over a period of time.

CHARITABLE LEAD TRUSTS allows property to be transferred into a trust for a designated period. Income from the property is donated to a favorite charity. At the end of the designated time, the property passes to your heirs. The amount of the charitable contribution is credited against the value of the property, which may be enough to exempt it from estate taxes. In such cases, the beneficiary receives the property tax free, while a charity benefits beforehand.

IRREVOCABLE LIFE INSURANCE TRUSTS usually are set up so proceeds from your life insurance policy will go to someone other than your surviving spouse or descendants. By holding a life insurance policy (or policies) in an irrevocable life insurance trust, taxation on the proceeds can be avoided. Once the policy is placed in the trust or is purchased by the trust, it is no longer yours, and you may not cancel it or make changes. Trustees, however, can make some changes, based on the powers given to them by the trust.