Wayzata Community Church

Estate Planning & Planned Giving: Common Questions & Simple Answers
Wayzata Community Church Educational Session

A. Understanding Wills, Estate Plans & Planned Giving

1. What is the difference between a will, an estate plan, and a planned giving strategy?

A will is a legal document that outlines how your assets will be distributed after death. An estate plan includes a will but also covers trusts, healthcare directives, and power of attorney to manage your affairs while alive. A planned giving strategy allows you to include charitable donations in your estate plan, benefiting organizations like Wayzata Community Church.

2. If I have a will, do I still need an estate plan?

Yes! A will only takes effect after death, while an estate plan helps manage your assets and healthcare decisions while you're still alive, ensuring your wishes are honored.

3. What happens if I die without a will or estate plan?

The state decides how your assets are distributed, which may not align with your wishes. An estate plan ensures your loved ones and charitable causes are provided for.

4. What are the key documents I need for a basic estate plan?

A will, a power of attorney (for financial and medical decisions), a healthcare directive, and potentially a trust to manage assets.

5. What is the role of a trust in an estate plan?

A trust helps manage and distribute your assets efficiently, possibly avoiding probate, reducing taxes, and protecting heirs, especially in blended families.

B. Family & Legacy Planning

1. How do I ensure my estate plan is fair when I have a blended family?

Consider using a trust to provide for both a surviving spouse and children from a prior marriage. Clear communication and proper planning help avoid conflicts.

2. How can I support my children and grandchildren while also giving to charity?

Options include charitable remainder trusts, donor-advised funds, charitable gift annuities, and specific bequests in your will, allowing you to provide for both family and charitable causes.

3. How do I handle estate planning if I have a child with special needs?

A Supplemental Needs Trust can ensure they receive financial support without jeopardizing government benefits.

4. How can I involve my family in my charitable legacy planning?

Discuss your values and charitable goals with them, consider family foundations or donor-advised funds, and involve children in charitable decisions.

5. What is a Spiritual Will, and why should I create one?

A Spiritual Will is a non-legal document that shares your values, life lessons, and faith-based legacy with future generations. It complements your financial estate plan.

C. Small Business Owners & Estate Planning

1. How should a small business be included in an estate plan?

A business succession plan ensures a smooth transition, whether passing it to family, selling it, or donating part of it to charity.

2. What happens to my business if I pass away without a plan?

Without a succession plan, state laws decide ownership, which may lead to family disputes or forced liquidation.

3. How can I use my business to support charitable giving?

You can set up a charitable remainder trust, donate business shares, or create an endowed fund benefiting your church or nonprofit organizations.

D. Charitable Giving, RMDs & Church Legacy Planning

1. What are the tax benefits of including Wayzata Community Church in my estate plan?

Donations to charities may reduce estate taxes and provide income tax benefits, especially through charitable remainder trusts or IRA charitable rollovers.

2. What is the easiest way to leave a gift to the church in my will?

Simply include a bequest stating a specific dollar amount, percentage, or approved asset to be given to Wayzata Community Church.

3. Can I support charities while also providing for my heirs?

Yes, tools like charitable lead trusts and charitable remainder trusts allow you to support both family and charitable causes.

4. How do donor-advised funds work in estate planning?

You contribute assets to a fund, receive an immediate tax deduction, and recommend grants to charities over time—even after your passing.

5. Can my retirement accounts be used for charitable giving?

Yes! You can name a charity as a beneficiary of your IRA or 401(k), often avoiding income tax on those funds.

6. What is a Qualified Charitable Distribution (QCD), and how can it help my tax situation?

A QCD allows individuals aged 70½ or older to donate directly from an IRA to a qualified charity, satisfying Required Minimum Distributions (RMDs) without increasing taxable income.

7. How do Required Minimum Distributions (RMDs) affect my estate planning?

RMDs must be withdrawn annually from certain retirement accounts after age 73. Proper planning, including charitable giving strategies like QCDs, can help reduce tax burdens.

E. Legal & Practical Next Steps

1. How often should I review or update my estate plan?

At least every 3-5 years, or after major life changes like marriage, divorce, births, or changes in tax laws.

2. What are the first steps I should take after this session?

1. **Take inventory** of your assets and beneficiaries.
2. **Meet with a financial planner or attorney** to draft or update your estate plan.
3. **Discuss your charitable and family goals** with loved ones.
4. **Consider setting up a planned gift** to Wayzata Community Church or another cause.

For more information or to schedule a consultation, please reach out to a financial planner or estate planning attorney.