



# Gift of Hope Legacy Program

Illinois Nurses Foundation

## Guidelines for Creating Individual Plans

**The Illinois Nurses Foundation urges all contributors to seek review by legal counsel and/or a financial advisor of all contributions for the Gift of Hope Legacy Program.**

*Securing the future of nursing in Illinois.*

ALL CONTRIBUTIONS ARE  
TAX-DEDUCTIBLE.



## **Creating Individual Plans**

Plans for allocating your property's designation includes sound financial preparation for your life in order to make the most of your resources. Your desire to "set your house in order" should promote great peace of mind for you, your family and others.

By allocating your contributions to advance the nursing profession, you demonstrate concern and support for the profession. Your Estate planning tools will offer the opportunity to maintain that support and promote a long-lasting donation to the nursing profession.

The following guidelines are provided to you by the Illinois Nursing Foundation. These guidelines pertain to creating individual plans. First, you are urged to determine your own assets and the value of your assets. You may use the outline on the next page to determine your own assets and values. Current valuation of all assets should incorporate any debts, face value of life insurance policies and if married, any assets owned by your spouse.

**YOUR ESTATE'S WORTH**

| I.  | Item                                  | Owned by You | Owned by Spouse | Joint Ownership |
|-----|---------------------------------------|--------------|-----------------|-----------------|
|     | <b>A. Residence</b>                   |              |                 |                 |
|     | <b>B. Other Real Estate</b>           |              |                 |                 |
|     | <b>C. Bank Accounts</b>               |              |                 |                 |
|     | <b>D. Money Market Funds</b>          |              |                 |                 |
|     | <b>E. Stocks, Bonds, Mutual Funds</b> |              |                 |                 |
|     | <b>F. Business Interests</b>          |              |                 |                 |
|     | <b>G. Partnership Ventures</b>        |              |                 |                 |
| II. | <b>H. Notes</b>                       |              |                 |                 |

## WILLS

Preparation of a Will is extremely important so that your property is not passed through "Interstate Succession" via the national Uniform Probate Code. You may designate the following in your Will:

*Name of the executor for your estate*

*Name of the guardian for any minor children*

*Ensuring lifetime care for any child with a disability*

*Passing your choice to children if you had a first marriage*

Only you know what the contents and the amount and/or percentage you want distributed in a prepared Will. However, you may need an attorney to draft your Will so that it is legally acceptable and exactly accomplishes your specified preferences.

Experts agree that you will require an attorney to draw up your Will if you own your own business, your estate is substantial (\$675,000 or more), or if you anticipate any challenge to the Will.

For smaller estates, using an attorney or other available commercial resources to guide you through the maze of testamentary legalese, is an investment rather than an expense.

Also, you may want to include plans for preparing a Living Will for Health Care and a Durable Power of Attorney, pending any future incapacitation. Remember, specific recommendations should be made by you. These preferences are your choice.

### **Typical Components of a Will:**

1. Your identification and domicile (your legal place of residence).
2. Revocation of prior Wills and codicils (modifications): your current Will must be enforced and stated that this Will revokes all others.
3. An Executor is the person that you name to manage your estate, and will follow your wishes to the "letter of the law".
4. Taxes and administration expenses. Are taxes to be paid by the

- estate or will they be charged pro rata to the beneficiaries under state statute?
5. Bond: This item protects your estate assets. It may be waived if your executor is your spouse, a family member or a close and reliable friend.
  6. Payment of debts: Any remaining debts must be paid and will be charged against your estate before any assets are distributed.
  7. Specific gifts: Specific gifts for loved ones, possibly ones for whom you have promised, and/or those which have sentimental value, should be specifically designated to whomever you select.
  8. Gifts of real estate: If your home is not held in joint tenancy, you can will it to your spouse, children or charity, such as the Foundation. Even with joint tenancy, you must provide what will happen to it should you survive the joint tenant.
  9. Estate's residuary: Assets to beneficiaries, including charities must be specifically listed. Carefully list these and the amounts/percentages you so desire to give. Remember that upon your death, the Will becomes irrevocable, hence, read it carefully.
  10. Survivorship: In the event of joint disaster, this clause will specify whether you will be presumed to have survived your beneficiary. Via your Will, you can set up trusts which are called "testamentary trusts" (after-death trusts).

A Will must be written and typed. Pages must be numbered and stapled together so that nothing is misplaced or lost. You must sign your Will; it must be signed in the same room and at the same time you are endorsing your Will. Completion is made by the presence of a notary and that officer's official seal in the state of your Will's execution.

Gifts to charities, such as the Illinois Nurses Foundation, may be made by your Will and your estate will enjoy the benefits of the "unlimited charitable contribution deduction" available to it. For example, if you plan on leaving gifts to your church, temple, hospital or favorite social service agency, you must list each specifically with amount and/or designated percentage of your request.

### **III. LEGACY**

An outright donation of funds to the Foundation may be made via the Will which you prepare.

#### *Living Legacy*

If you determine to take out a life insurance policy and name the Foundation as owner and beneficiary, you are completing a Living Legacy. Existing or new life insurance policies may be made as planned gifts to the Foundation. Proceeds from the policy will be allocated to the Foundation. The annual premiums which are tax deductible by law, may be spread over a five, seven or ten year period. You should speak to a financial planner/insurance consultant to discuss financial planning matters.

### **IV. BEQUEST**

One of the most common estate planning devices is a Bequest. If you determine to provide a gift which may be a certain item, a portion of your estate, the residual of your estate, or a specific dollar amount, your gift should be conveyed through your Will which may be prepared as above outlined.

### **V. ESTATE**

Any property remaining after your death may be donated in part or full to the Foundation. This plan should be designated in your Will as indicated above.

### **VI. TRUST**

Another one of the most popular gift planning vehicles is a Trust. It is a property interest held for the benefit of a recipient such as the Foundation. You may request that it be created by your Will or by a trust instrument prepared during your lifetime. It is a flexible and valuable planning tool that may be used to reduce taxes, avoid probate or give special care for both young and old dependents. For example, you may wish to create a Trust for the benefit of your

spouse for life, then have the balance go to a charitable organization, such as the Foundation. Part of the asset value given to the Trust avoids tax exposure in your Estate, thanks to the charitable deduction to the Foundation. If your spouse is the life beneficiary, then the entire asset value passes tax free, due to the combined charitable and marital deductions.

A joint survivor (two lives) arrangement is especially attractive for couples interested in contributing a gift of life insurance to the Foundation in their joint names. Under this approach, the proceeds are payable to the Foundation upon the death of the remaining survivor or the maturation of the policy, whichever occurs first. This type of plan is appealing since the annual insurance premiums are lower and may be issued even if one of the two donors is uninsurable. Also, the annual premiums are considered to be tax-deductible contributions for those who itemize their tax returns.

#### *Living Trust*

You may legally transfer your property to a Trustee to manage your property for the benefit of the Foundation. It is created and activated during the lifetime of the grantor, the person who is going to incorporate a Trust in his or her planning. It can be changed, amended or canceled at any time by the person who created the Trust (a revocable Trust). If however, the Living Trust is irrevocable, no changes can be made once it is created. Generally, however, an irrevocable Trust will accomplish tax savings. You as the grantor, will maintain complete control over the assets placed in the Trust. This prevents having those assets subject to probate. However, avoiding probate, does not mean avoiding taxes.



## VII. GIFT ANNUITY

This plan allows you to transfer money or property to the Foundation and receive a legal contract from the Foundation to pay an actuarially determined amount annually to you and/or another for life. For example, a 75 year old woman takes out a Gift Annuity i.e., transfers \$10,000.00 to the Foundation and receives a contract which would provide approximately \$850.00 per year income for her and/or another for life. A significant amount of the Annuity income would be exempt from income tax. If a Deferred Payment Annuity were issued, it can be used in place of or as a supplement to the conventional Individual Retirement Account (IRA). A Deferred Annuity is also ideal for deferral of large amounts of capital.

*(Adapted from: Sigma Theta Tau, International; American Nurses Foundation; Evangelical Child and Family Agency Foundation; Trinity Foundation)*

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