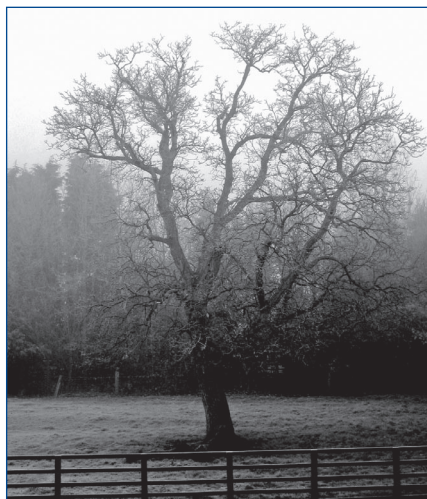


Estate Planning

CATHOLIC DIOCESE OF WICHITA



Winter

*... a time
for love.*



*Winter . . . a time for
change . . . a time when
the life that has passed
can become an
expression of love.*

This brochure is designed to be an educational resource and is not intended to provide legal or tax advice. Please consult with your attorney or advisor.

Will you be prepared?

Your will is the cornerstone of your estate plan, the place where it all begins. The following pages are designed to help you become more aware of the vital necessity of having a properly written will or other testamentary document. It has been estimated that seven out of every ten Americans have an outdated will, or die without a will or other testamentary document.

Bequests have always played an important role in supporting the Catholic Diocese of Wichita. For many donors, a gift made through a will is the most realistic way to confirm the mission of Christ and the work of the church beyond death. Through a bequest they can help provide a substantial contribution to the Catholic Diocese of Wichita, or to their parish, parish endowment or Catholic elementary or secondary school endowment. Property, including cash, securities, jewelry, works of art, and real estate, may be given through your will. For a list of diocesan needs (Education of Seminarians, Priests' Retirement Fund, Catholic Charities, Inc. and much more) contact the Office of Development and Planned Giving.

A will is a legal document that allows you to decide to whom your assets are to be distributed, and in what amounts or proportions, at your death. A will is a personal reflection of who you are and your values, and reaffirms your belief in the mission of the church. Your will encourages others to consider how they can help further the mission of the church.

Why have a will?

A will is your final act of Christian stewardship. Your actions during your lifetime become a statement of your faith. As your last act, your will serves as a final testimony of your faith journey in life. You exercise a spiritual privilege when you plan and write your will.

A properly written will is one of the most important papers you will ever sign. It is a document that will speak your mind and ensure that your wishes with respect to your family, loved ones and property are carried out.

It has been estimated that seven out of every ten Americans have an outdated will or die without a will.

What happens if you do not have a will?

The state of Kansas decides for you. Many assume when they die their assets will pass to their surviving spouse.

For example:

If you are married and have minor children and you die without a will, half of your estate will go to the surviving spouse with the remaining half divided between the surviving minor children.

- The state will select a personal representative to handle your estate during probate.
- The state will appoint a guardian for your minor children.
- The government will get your estate tax dollars perhaps to the detriment of your favorite charity – the church.

Deciding not to have a will reflects a lost opportunity to demonstrate our love to those whom we cherish.

What is probate?

Probate is the process of proving that a will is genuine and distributing the property in a manner specified in the will. Probate is a formal court procedure to achieve the following objectives:

1. **Identify assets.** Assets are gathered and inventoried to determine what property was owned by the decedent.
2. **Determine who is entitled to the assets.** In probate, all heirs and beneficiaries are identified in an organized proceeding to determine how property will be divided.
3. **Satisfy all valid claims and expenses.** The probate court provides a formal forum in which all creditors and vendors may come forward to prove their claims against a debtor-decedent.
4. **Transfer of title.** Since the decedent is no longer able to execute a deed or otherwise legally transfer property, the probate system provides the legal documentation necessary to show a chain of title from the deceased to the transferee.

How much does probate cost?

As a general rule, costs will be approximately three to five percent of the fair market value of all probate assets.

How long is the probate process?

Generally, it takes about nine to twelve months to complete the process, sometimes longer.

Selecting an attorney

Like many people, you may be uncertain about going to an attorney. But an attorney who specializes in estate planning and tax law knows the right questions to ask and the best ways to help you accomplish your goals. These professionals are well trained and normally well worth the time and expense involved in the process. In general, they cost no more than a regular attorney. Their knowledge, experience and efficiency often allow them to create a more complete plan at or below what a general practitioner would charge.

If you were having heart surgery, would you not ask the surgeon “how many of these procedures have you performed?” You might liken the same question to an attorney: “How many charitable remainder trusts or revocable trust documents have you drafted?”

If you need an estate-planning attorney, we will provide you with a list of names and addresses of professionals we have worked with in the past.

In summary

Your will may be the cornerstone of your estate plan, the place where it all begins. Further estate planning may be needed as well. Consulting an attorney, especially one who specializes in estate planning and tax law, can ensure that all of your needs and desires are met at the time of your death. Making these vital arrangements will assist your loved ones during their time of grief, a time that should not be spent trying to put the financial affairs of an estate in order. Having a will means that you have sought to conserve your estate, limit taxes and, most importantly, cared about your loved ones.

What is a bequest?

A gift by will of personal property; any gift by will.

Types of bequests

- **Specific Bequest** – The Catholic Diocese of Wichita receives a specific dollar amount, a specific piece of property, or a stated percentage of the estate. This is one of the most popular forms of bequests.
- **Residuary Bequest** – The Catholic Diocese of Wichita will receive all or a stated percentage of an estate after distribution of specific bequests and payment of debts, taxes, and expenses.
- **Contingent Bequest** – The Catholic Diocese of Wichita will receive part or all of the estate under certain specified circumstances.
- **Trust established under a will** – A trust may be established that provides for both the Catholic Diocese of Wichita and other beneficiaries.
- **Beneficiary of Retirement Plans, IRA's and 401K Plans** – Remember the church. Proper planning for these benefits and ensuring their coordination with estate planning goals requires the assistance of knowledgeable and experienced attorneys in this area.

Summary of benefits

The federal estate tax rates currently range from 45% to 48%. Your estate is subject to the tax if the estate exceeds \$1.5 million in 2005, \$2 million in 2006. Our recommendation is that with the ever-changing rates and tax levels that you seek a review of your financial situation with a qualified estate planning attorney.

- A charitable bequest reduces and may eliminate federal estate taxes.
- Most states provide estate or inheritance tax benefits for bequests to charitable organizations.
- Your bequest enables you to make a substantial gift to the Catholic Diocese of Wichita.
- Your bequest may be used for a purpose of special interest to you.

Remember the church

Bequests to charity, whether done by will or by trust while still living, have the effect of reducing the amount of assets being included in federal estate tax calculations at the time of your death. For those with large estates, creating bequests to the church is a way to take funds that would otherwise be paid to the government and transfer a portion of this wealth to the church. An extremely popular tax-planning tool for individuals who want to make a future gift to charity, while retaining the right to receive income, is a charitable remainder trust. There are a number of other ways to receive income from your charitable gift, for example a charitable gift annuity or a pooled income gift.

Details of a will

- Naming of an executor (personal representative).
- Deciding who will serve as guardians of minor children.
- Providing guidelines concerning how minor children will be raised.
- Determining the use of accumulated wealth.
- Expressing gratitude for all of life's blessings by remembering the church.

What is a living will?

A Living Will is a separate instrument that is needed to declare that a person does not wish to be sustained by artificial means in the event of an incapacity and terminal illness. The Kansas Catholic Conference (conference of Kansas Bishops) has written a document pertaining to a Catholic perspective on this topic. This document is available by contacting the Catholic Diocese of Wichita, Office of Development and Planned Giving.

The living will is only in effect when you are terminally ill and you do not have the capacity to make treatment decisions. A living will is revocable. It can be amended or changed at any time, so you should destroy existing copies and replace with the amended copy.

Who should know that I have a living will?

Provide copies of your living will to your doctor and ask that it be made part of your permanent medical record. Provide copies to your parish priest, family and friends. Discuss the details of your living will with these individuals.

Estate Planning Definitions

Codicil: An additional paper enumerating changes in an existing will.

Executor: Person who ensures all the legal and financial matters are taken care of after death. The executor ensures that the wishes expressed in your will are carried out.

Heir: A person who inherits property; a person who has a right to inherit property or a person who has a right to inherit property only if another person dies without leaving a valid, complete will.

Tax Rate: The percentage of taxable income or taxable estate paid in taxes. The federal income and estate taxes have graduated rates.

Taxable Estate (or gift): The property of a decedent, or a gift, that will be taxed after subtracting for allowable expenses, deductions, and exclusions.

Testamentary: Having to do with a will. For example, testamentary capacity is the mental ability needed to make a valid will; a testamentary class is the group of persons who will eventually inherit from a will.

Testator: A person who makes a will.

Trust: Any transfer of holding of money or property to one person for the benefit of another. There are many types of trusts. Some are set up as stand-alone trust documents during a person's lifetime; others are provided for in a will, and become effective only through the probate process.

Will: A document taking effect at death in which a person directs the distribution of his or her property after death.



Office of Development and Planned Giving

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