Your Treasures: Make a Personal Plan for Their Distribution

Mention the word “inheritance” and most people think of money, stocks and bonds, expensive jewelry, a life insurance policy, or perhaps the family home.

When a loved one dies, however, it’s often the less traditional—and sometimes the least valuable—assets they leave behind that heirs truly treasure.

What Memories Are in Your Home?
Every family has closets filled with belongings that are passed from one generation to the next. These items hold meaning for your loved ones, and sometimes how these assets are divided among heirs can create conflict and become a source of hard feelings.

Who Gets What?
Decisions about how to distribute certain personal items are often more challenging than decisions about cash assets. A savings bond worth $100 is $100, no matter who receives the money. But the value of your parents’ wedding album is determined by more than the type of paper and binding used.

In cases where more than one person has a sentimental attachment to the same heirloom and no one seems inclined to give it up, a tough decision may have to be made.

Gentle honesty works best if you need to choose among family.

Wise Planning.
Prepare a list of your tangible personal property and identify the family members who you want to receive the items. It will be time well spent and could avoid unnecessary strain among family members.

While tangible personal property doesn’t usually account for a significant portion of the value of an overall estate, issues regarding the division and distribution can create significant expense. Proper planning can minimize these costs.

3 Items to Keep in Mind
When Making Decisions

1. People may have opposing ideas about what is “fair” based on who they are, their relationship with you and what they think they deserve.

2. Not everyone finds meaning in the same items.

3. Heirs will likely agree to the fairness of—or at least understand—your final decisions if you encourage discussion and listen to their input.
Your Estate Plan Checklist
Essential Topics to Consider

No matter your age or health, it’s important to keep your will and other estate plans current. If it’s been a while since you reviewed your plans—or if you haven’t yet created a will—use this checklist to take stock of your situation.

✔ An up-to-date will. Do you have a will? If so, is it current? You’ll need to update this document after major life changes, such as births, deaths or a move to a different state, or if tax laws change.

✔ Add a living will. A living will (not to be confused with a “last will and testament”) permits you to make known to your loved ones and caregivers your decision on life-prolonging procedures before a problem arises.

✔ Update your beneficiary designations on life insurance and retirement plans. Life insurance and retirement plans go to the beneficiary you name on each of the beneficiary forms, regardless of what your will states.

✔ A health care power of attorney and a durable power of attorney. Have you named a trusted person to make health and financial decisions for you if you are no longer able to make those decisions yourself? Communicate the details about how you would like those decisions carried out.

✔ Your unique circumstances. To truly protect your family, you’ll need to plan properly for your particular situation. For example, you’ll want to name a guardian for any minor children under your care. Your estate planning attorney can help you fill in any gaps in your plans.

After reviewing this checklist of important topics, if you feel that your estate plan needs a boost, set up a meeting with an estate planning attorney. When updating your plans, we hope you’ll remember our organization. Contact us to learn more about the various ways you can support our good work in your plans.

Tax Update: 2012 Brings Small Changes

If your plans were updated for 2011, you’re in luck—this year promises to be much of the same.

Estate taxes: The basic exclusion amount—the amount you can own before your estate is subject to estate taxes—for 2012 is $5.12 million (indexed for inflation). Most married couples who both die in 2011 or 2012 can pass a combined estate worth approximately $10 million free of federal estate taxes through a portability provision.

In 2013, the basic exclusion amount will drop to $1 million and portability between spouses ends, unless Congress makes changes.

Gift taxes: The top gift tax rate is 35 percent with a $5.12 million exclusion amount unified with the estate tax exemption. The annual gift tax exclusion—the amount you can give to anyone gift-tax-free each year—remains at $13,000 ($26,000 for married couples).

Income and capital gains taxes: Rates remain the same for individual taxpayers in 2012.
Extend Your Legacy

If you are looking for an easy way to support our organization, but can’t part with assets today, consider designating us as a beneficiary of your retirement plan assets or insurance policies. When you support us through a beneficiary designation, you can have peace of mind knowing that you can alter your plans at any time.

**Retirement plan assets** make a tax-wise gift to our organization. Federal income taxes may erode up to 35 percent of the amount your heirs would receive, whereas we are tax-exempt and eligible to receive the full amount and bypass any federal taxes.

**Life insurance** is a low-cost way to provide a larger gift than you may have thought possible. When you name us as owner and beneficiary, you are eligible to receive tax benefits as well.

**How to Name Us as Beneficiary**

To name us as beneficiary of these assets, contact your retirement plan administrator or insurance company for a change-of-beneficiary form. Decide what percentage you would like us to receive and name us, along with the percentage you chose, on the beneficiary form. Then return the form to your plan administrator or insurance company. Give a copy to your attorney, too. It’s that simple!

**For More Information**

Consulting an estate planning attorney is a smart investment that can save you and your family money and heartache in the long run. Please seek legal advice before deciding who will get what in your estate plan.

**Bonus! Find Peace of Mind at a Stressful Time**

When you lose a loved one, knowing ahead of time what comes next can ease your burden. Return our 30-second survey and receive our FREE bonus guide, *When a Loved One Passes Away: Answers to Your 12 Most Pressing Questions*. You’ll learn what to expect and how to avoid potential problems.

Return the enclosed 30-second survey today to receive your bonus copy.

The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are for hypothetical purposes only and are subject to change. References to estate and income taxes include federal taxes only. State income/estate taxes or state law may impact your results.
What to Store in a Safe-Deposit Box

Over the years you’ve accumulated a great number of valuable documents, and those papers do not belong in a box under your mattress. Keeping them in a safe-deposit box is a smart move. But what should you keep in—and keep out of—your safe-deposit box?

What to Keep in a Safe-Deposit Box

- Insurance policies
- Birth, marriage and death certificates
- Adoption papers and divorce decrees
- Deeds, titles, mortgage papers and lease contracts
- Military records and citizenship papers
- Stock and bond certificates
- A videotape or DVD inventory of your home and all its contents

What NOT to Keep in a Safe-Deposit Box

- Originals of wills, trusts and power of attorney documents
- Medical care directives
- Funeral or burial instructions

You should store these important items that do not belong in your safe-deposit box in a safe place at home, such as a fireproof/waterproof safe, where they are easily accessible in a hurry.

Quick Tip: As a precautionary measure, keep a separate list of the items in your safe-deposit box and make a habit of checking the box at least once a year.

You might want to consider giving the originals of these documents to your estate planning attorney and making a copy to keep at home or to give to a close relative or friend. Even more important, make certain the person you’ve appointed in your power of attorney and medical care directives has original copies of these documents.

Action List
Your Next Steps

1. Return the reply card today to get your FREE guide, When a Loved One Passes Away: Answers to Your 12 Most Pressing Questions.
2. Go to our website to learn more about the good work we’re doing and how you can help.
3. Contact us if you have any questions about supporting our organization and how your gifts help further our mission.

BSC Foundation publishes Financial Connections as a service to our alumni and friends. Our goal is to provide timely suggestions that may assist you in your tax and financial planning. The information contained in Financial Connections is based on recent court decisions, rulings, federal tax laws and regulations now in effect. To determine how this information applies to your financial plans, you should consult your financial, legal and tax advisors. Gifts to BSC Foundation are tax-deductible.

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