

Accomplishing Objectives with Money

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I. Introduction.

A. Most people underestimate the value of their estate.

1. For example, buying an airline ticket makes the carrier assume a \$75,000 liability in carrying you.

2. The speaker carries a \$100,000 dollar liability on his vehicles.

B. The problem: federal estate tax - if the estate amounts to more than \$60,000 dollars, the government can tax your estate. The federal estate tax can run from 3% on a small estate to 77% on a large estate. Therefore the person who owns a lot cannot pass on much. This is not in regards to marital deduction.

II. What to do.

A. Have objectives.

1. Estate planning should be coordinated with life planning.

2. Most people think that the best thing that they can do is to leave their estate to their children. Yet this could be the worst thing that could ever happen to them upsetting their economy and spiritual life.

3. Others just give to a ministry when they die and that ministry twenty-five years from your death could be teaching heresy.

4. The emphasis should be on "Living-Giving." The program is living giving and deferment.

5. Start with yourself.

B. Reasons that your objectives may not be accomplished.

1. The absence of a valid will.

a. Marital deferment and federal estate.

1) You are allowed to deduct administrative costs from 10-34%.

2) It is assumed that the wife owns half of the estate, so $\frac{1}{2}$ of the estate can be postponed until her death. This is not automatic, however, because a proper will must be drawn to make sure she is in the right position.

3) You must make provision for your children because under some circumstances they can end up “penny-less.” The laws of the state take over where there is not a valid will.

4) A third of all people probably do not have a valid-personal will.

5) The general laws of descent stick to blood laws.

b. The Grandfather Trust.

1) You can postpone taxes giving your wife and children the income off of the estate and ultimately giving the estate to your grandchildren.

2) In a living trust there is an actual trust of property to the trustee.

2. The unfamiliarity with the tax and administrative cost situation. A State takes on an average of 34% from a transfer of estate.

3. The unfamiliarity with the devices to help you.

a. Charitable giving is about the only area you can give without it being taxed. The insurance premiums you pay during your lifetime can be a direct contribution to your spouse when you die and you can still contribute your estate; buy an insurance policy and name a charitable organization as your beneficiary.

b. An annuity gives someone else responsibility for an estate, but the person giving can get a lifetime income. If given to a charitable organization, you get the tax benefits but you can also get the life income from it.

c. A short-term charitable trust. A trustee manages the property and all the income goes to a charitable organization although you do not get the benefit.

C. Wrap-up.

1. Have a valid will.

2. Be knowledgeable about taxes and administrative cost situation.

3. Be familiar with devices to help you.

D. We too are mortal. We need to be reminded of this.

III. Questions and comment.

A. Have some investment in common stock to offset inflation.

B. If you have stock that costs you \$1000 ten years ago, it might be well worth \$10,000 dollars. If you sold the stock you might have to pay half of that. However, if you give it, the stock can be claimed by the charitable organization for its market value without having to pay capital gains.

C. You can also do a bargain of sale of appreciated property.

D. State inheritance taxes are a minor cause of estate shrinkage.

IV. Conclusion.

Application questions.

1. What new observations have you made about estate planning? What are the three things to be primarily concerned about?

2. Why is estate planning important? What is the significance of “living-giving” or giving now and not deferring everything until a later time?

3. What will you do in light of this message? How does practicing sound financial principles reflect one’s stewardship towards God?
