



LIVING LEGACY SOCIETY

“Leaving Ocean Reef better than you found it”

GIVING THROUGH YOUR WILL



The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states ©MMXI RFSCO, Inc. All Rights Reserved.



Ocean Reef members are well known for giving of their time and other resources for the benefit of causes they believe in. All our lives are enriched as a result.

Many people also choose to include their charitable interests in their estate and financial plans. Making thoughtful charitable gifts in this way can often be possible while preserving economic security for you and your loved ones.

This document outlines a number of ways to include a charitable gift in your will, living trust or other estate plans. You will find forms that may help you when preparing to meet with your professional advisors and a section with more details for you and your advisors about wills and estate planning.

More information is available upon request in confidence and with no obligation.

Is the Medical Center included in your estate planning?

WAYS TO MAKE GIFTS

The way you choose to make a charitable gift through your will can depend on a number of factors, including the assets you own, family considerations and your charitable priorities. A few of the most commonly used methods are introduced here.

Giving a specific amount

Stating a dollar amount to be given through your will offers certainty regarding the amount that will ultimately be put to charitable use. If you plan to update your will regularly and are certain that other funds will be adequate to provide for your loved ones, giving a specific amount may be a good option.

Giving specific property

You may choose to designate particular property for charitable purposes. It should be readily saleable unless you have previously arranged for the charitable recipient to make use of the property in furtherance of its mission.

Keep in mind that if you sell or otherwise dispose of the asset during your lifetime, you may unintentionally “disinherit” the intended charitable recipient. Therefore, it is important to give directions as to your wish to give through your will is otherwise disposed of during your lifetime.

Giving a percentage

If you would like to establish a definite relationship between your charitable and non-charitable legacies, consider giving a particular percentage of the assets passing under your will to charity. In this way, your charitable dispositions will automatically adjust along with the total value of your property.

All or part of what's left

After first providing for your loved ones in your estate plans, you might wish to arrange for a charitable gift from the residue, or what's left. You can thus ensure that others receive what you would like them to have prior to making the charitable distributions.

Consider a codicil

A charitable bequest can be added or modified by an addition, or codicil, prepared by your attorney. This may be simpler and more economical than drafting a new will.

TAKING CARE OF SURVIVORS FIRST

You may also arrange for assets left through your will to be used to provide support for a surviving spouse or others for life or other period of time *before* being devoted to charitable purposes.

A variable income

You can provide that an income from your assets be paid to a surviving spouse and/or another person. The income may fluctuate with the performance of the assets each year. At the death of the last income recipient, or at the end of another period of time you choose, all or a portion of the assets then pass to charity.

A fixed income

If you would like to leave a loved one a fixed income that will not change over time, you can also accomplish this through your will while providing for an eventual charitable gift. It may also be possible to provide that all or a portion of the assets be available to loved ones in the event of an emergency.

Potential tax benefits

If you believe your estate may be subject to state and/or federal estate tax, remember there is no limit to the amount that can be left to charity and deducted from your estate.

Gifts from other plans

If your estate plan includes the use of revocable living trusts, retirement plans, life insurance policies, separately titled investment accounts or other methods to transfer a portion of your estate, remember that charitable gift opportunities and tax savings may be realized through those planning tools as well.

REVIEWING YOUR PLANS

While having a will and other estate plans is key to accomplishing many of life's most cherished goals, keeping these arrangements up to date is equally important.

Estate planning experts suggest scheduling reviews on a regular basis, especially when a major event occurs in your life (births, deaths, change in marital status, changes in wealth, etc.), or when there are significant tax law revisions.

To review your will, see your attorney. He or she can tell you about tax laws and other legislative changes that might suggest a need for changes in your will and/or other plans.

A totally handwritten will or handwritten changes to previously executed typewritten will may not be valid and could result in a court deciding how your property will be distributed.

The following pages can assist you in preparing to meet with your attorney to make or review your will. As you complete them, think about how your property can best be distributed among your family, other loved ones and your charitable interests.

1. MY BENEFICIARIES •

List family members, friends and charitable interests for whom you would like to provide.

Name	Age/Relationship/Address
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. MY PROPERTY •

Summarize the property you own: cash (bank accounts); your home and household items; other real estate; stocks, mutual funds and other securities; jewelry, art, collections or other items of value; life insurance and retirement plans; automobiles. Include all current and future sources of income as well. Don't forget any investments (such as annuities) that will generate an income for loved ones.

Asset	Approximate Value
_____	_____
_____	_____
_____	_____

Asset

Approximate Value

3. MY PLANS •

Now, match the beneficiaries you listed with your property as a way to begin forming your plans. Keep in mind that many forms of property may be distributed by percentages to different recipients, and that you may provide for a current or future income for others.

Include any charitable interests you'd like to remember once your loved ones have been provided for. You may wish to consider a bequest in memory or in honor of someone special to you. Many people find creating a memorial through their will or other plans to be a satisfying way to pay lasting tribute to loved ones.

Person/Organizations

Asset/Income

4. MY ADVISORS •

List professional advisors with whom you have worked with over the years. Circle the one(s) you consider to be your primary advisor(s).

Attorney(s) _____

Banker(s) _____

Accountant(s) _____

Life Insurance Representative(s) _____

Investment Advisor/Broker(s) _____

Other Planners _____

Leaving a legacy to future generations is a rewarding and noble act. But a gift from your estate - whether through your will or other estate planning vehicles - can only be made if you plan ahead. As you've seen in these pages, very simple plans are often all that are required.

We will be pleased to discuss with you ways in which we can help you meet your charitable goals. The following section will be of interest if you would like further details about planning charitable bequests. Be sure to consult your attorney for the best advice in your particular situation.

TECHNICAL ADVISOR SECTION

The following information is for the benefit of those who wish more details about the process of making charitable dispositions in their long-range financial planning. It is primarily intended for the benefit of professionals in the area of estate and financial planning, but others may find it of interest as well.

A flexible tool

The charitable bequest is the most common means chosen to leave assets to qualified charitable organizations and institutions at death. This is because it is so widely known as a vehicle for property transfer.

Whether a simple bequest of cash or a plan that creates trusts for family wealth management while also benefiting a nonprofit recipient, the will is one the most flexible gift planning tools.

Begin with the basics

A will that includes one or more charitable legatees is basically no different from other wills. The information it contains and the method in which it is executed must qualify under governing state laws.

The proper name: Just as several people in the same city may share the same name, some charitable institutions have the same or very similar names. They may even be located in the same city or state. For this reason, when drafting a will that leaves property to a charitable entity, care must be taken to fully identify the intended recipient of the property.

If in doubt, check with the organization(s) or institution(s) involved and request its legal name. It may also be useful to include the most recent known address.

The use of the property: As in bequests to individuals, testators often choose to specify a particular use for their bequests. What is known as precatory language may be used to express a preference, or wishes may be stated in such a way that leaves little room for the recipient to determine use.

Most charitable bequests are left to the charitable entity “for the general purposes of the organization in the discretion of its board.” Since it may be many years before the funds are received and the needs of the organization may change in many ways, most donors choose to allow maximum flexibility for the use of the funds bequeathed.

If a donor wishes to restrict the use of a bequest, it is in the best interest of all involved to discuss the intended use with authorized representative of the institution before the execution of the will.

Limits on the size of charitable bequests: Some state may impose limits on the amounts that can be left to charitable beneficiaries in certain situations.

A spouse and/or children may be entitled to specific percentages of an estate which may not be encroached upon by charitable dispositions. Such restrictions rarely impose barriers in the typical situation, but state laws should be examined if one or more charitable bequests that amount to a substantial portion of the estate are contemplated.

Other than the considerations outlined above, there are generally no limits on the amount of property which maybe left for charitable purposes through a will.

Choosing the form of the bequest

A charitable bequest may be structured in many ways. A person may choose to leave a specific dollar amount, particular real or personal property, a percentage of the estate, all or a portion of the residue of the estate following the satisfaction of other bequests or a combination of the above.

A fixed dollar bequest: In the case of a smaller bequest, it is usually best to simply state a specific dollar amount. This is particularly useful in the case of a highly liquid estate that will be reviewed on a regular basis.

If a person is considering a larger bequest or if the estate will be composed primarily of relatively liquid assets, it may be best to choose another method of satisfying charitable intentions.

A bequest of property: A donor may choose to leave a particular real property, whether a home, farm or rental property, to a charitable beneficiary. It may be left outright, or a life estate may be granted to a surviving spouse or other relative or friend.

Great care should be taken to properly describe the intended property and the interest bequeathed if it is not the entire ownership interest.

In the case of tangible personal property such as jewelry, automobiles, and other assets, all aspects should be carefully considered before making such assets the subject of a charitable disposition. Such gifts may create disputes and unnecessary friction among charitable and non-charitable heirs.

A specific bequest of intangible personal property such as stocks and bonds may not be the best choice. The value may have increased or decreased to a point where it no longer represents the intention of the testator. Or the property may have been disposed of prior to death and questions may be raised as to whether it was intended that other property be substituted.

Bequest of residue: Perhaps the most common method of leaving charitable bequests is through residual clauses.

After providing for relatives and friends, many testators will specify that all or a portion of the residue of their estate be distributed to one or more charitable organizations or institutions.

As a result, loved ones are cared for first and charitable wishes follow, if this is the testator's desire.

Many people choose to leave a set percentage of the residue of their estate for specified charitable uses. This approach offers a correcting mechanism in case the estate should unexpectedly increase or decrease in value.

Some may choose to bequeath a percentage of their estates according to the tenets of their religious beliefs.

Tax considerations

An unlimited number of qualified charitable gifts may be deducted from federal estate and gift taxes. See Internal Revenue Code section 2055(a). Check applicable state laws for restrictions that may apply.

The marital deduction: Many married people use trusts in their wills to take maximum advantage of the unlimited marital deduction. In the case of a life interest left to a spouse followed by a charitable disposition of the property, a combination of the charitable deduction and marital deduction will effectively eliminate all tax at the federal level. See IRS sections 2523(a) and 2056(a).

Gifts and estate taxes: Tax legislation enacted in 2010 provided that the amount that can be left to heirs free of federal estate tax would be \$5 million in 2011 and 2012. This amount is scheduled to be indexed for inflation beginning in 2012. The federal gift tax was reunified with the estate tax by the 2010 legislation. The maximum amount that can be given to non-charitable recipients during life was increased from \$1 million under prior law to the same \$5 million amount exempt from estate tax. The gift and estate tax exemption is also portable between spouses, meaning that a surviving spouse can elect to use any portion of the estate and gift tax exemption not used by the predeceasing spouse.

Other opportunities

The will is the most commonly used method of making charitable gifts at death. Other opportunities exist, however, which may be used in combination with a will or as stand-alone vehicles.

For example, a charitable remainder unitrust or annuity trust allows a person to receive income each year for life while making a substantial charitable gift at death.

If desired, the trust may be created in a will to go into effect at the person's death. The income in that case would be distributed to a survivor as specified in the trust agreement.

Charitable income or estate tax deductions (depending upon whether the trust is *inter vivos* or testamentary) are taken in the year the trust is established.

Other life income plans that feature fixed or variable income may also be available. In short, virtually any giving method that can be used during life may also be included in a will, adding to its attractiveness to donors.

Recent developments: The tax code changes frequently. Always check for recent developments before the completion of estate plans. The IRS publishes helpful tax planning information and updates at www.irs.gov.

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Through volunteer leadership and philanthropic support, the Ocean Reef Medical Center Foundation strives to improve the health and quality of life of all members in our community. Whether it's raising funds for expansion, renovation or improved services, we are here to serve you. Be a part of this opportunity and leave a legacy for future generations to come.

To learn more about the Living Legacy Society, please contact **Keith Young** at **305.367.6750** or **Jennifer Rigby** at **305.367.6707**. Additional information may also be obtained by completing the form below and returning it to the **Ocean Reef Medical Center Foundation** (50 Barracuda Lane, Key Largo, FL 33037). Forms may also be emailed to jenniferr@mcor.org

I am interested in learning more about the Ocean Reef Medical Center Foundation's **LIVING LEGACY SOCIETY**.

Please call email or mail information to me:

Name _____

Address _____

City _____ State _____ Zip _____

Home Phone _____

Cell Phone _____

Email _____



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