

A photograph of a family in a church. A young boy in a red and white checkered shirt is being held by a man in a dark suit. A woman in a purple vest is visible in the foreground, and other people are in the background. The church has a high, vaulted ceiling and a stained glass window on the right.

TIPS FOR
CREATING AN
EFFECTIVE
ESTATE PLAN

THE IMPORTANCE OF PLANNING

You undoubtedly wish to provide for the future of your loved ones and causes you care about. But where and how should you start your estate planning? Or do you just update an existing plan? As time goes on, your needs and the needs of your loved ones may change, which means it may be time to review your current plan and make updates.

With an estate plan in place, you will have peace of mind knowing that you have provided for your loved ones and the causes that matter most to you, and your wishes will be carried out as you have instructed.



The information contained herein is offered for general informational and educational purposes. Please consult an attorney and financial advisor when creating your estate plan.

REVIEWING YOUR ESTATE PLAN

As you begin reviewing your estate plan, some important questions that must be addressed are:

- Do you know where your estate planning documents are stored?
- Do you have all the documents you need?
- Do your estate planning documents reflect your current situation and wishes, including for your loved ones and your chosen charitable beneficiaries?



STEP 1: LOCATE YOUR ESTATE PLANNING DOCUMENTS

The first step in reviewing your estate planning documents is gathering them all in a safe, secure, accessible and easily remembered place. If you have a difficult time locating them, use this opportunity to consider where you should store them moving forward.

Various locations have benefits and drawbacks. If your documents are in a safe deposit box and you are the only person who knows about it and has access to it, then no one else will be able to access it should you become incapacitated. Your safe deposit box could be opened only with a court order, and that is only if someone else knows of its existence. Storing your documents in your home could subject them to destruction by fire, flood or other natural disaster.

At a minimum, store your documents high off the floor to avoid water damage or destruction from a storm or flood. You might consider storing your documents with your executor or personal representative. Regardless of where they are stored, your executor should know the location.

STEP 2: EXECUTE POWERS OF ATTORNEY (POAs) FOR HEALTH AND FINANCIAL MATTERS

Financial Power of Attorney: This is a written legal document that grants permission to a named person to manage your financial affairs should you become incapacitated or unable to make the decisions yourself. Your financial POA will step in and handle bills, taxes, debts, investments or other financial/legal responsibilities. If you don't elect someone to fill this role, the decision rests with the courts, which may not have the outcome you would have hoped for. Retaining control over your assets is important, which is why you will need to select a financial POA. Choose someone you trust who knows you very well, cares about you and can make appropriate financial decisions.

Health Care Power of Attorney: This legal document is also known as a health care proxy or health care surrogate designation. In this document, you name someone to act on your behalf in the event you become unable to manage your medical care, talk with your doctors and other care givers, and make decisions on treatments, procedures and medications that could be administered to you. This is a legal document that must follow the laws of your state of residence. For example, many states require your signature on this document to be notarized.

The person you choose should be someone whom you trust to follow your wishes and values and can make difficult decisions when necessary. Be sure to consider how the person reacts in emotional, high-stress situations. Choose someone who is likely to be nearby, so that he or she can help when needed. You may also name alternates should the person you name not be able to fulfill this role.

If you do not have a health care power of attorney, your family members will be required to request the probate court to name a guardian to handle these duties. Otherwise, your health care decisions will be in the hands of your doctor and the other physicians who are attending to your care.

No matter whom you choose for these important responsibilities, take some time to talk to them about what you want and expect from them when the time comes to assume that role. Having a candid and open conversation about it will prepare them for the responsibility ahead, but also will give you a chance to let them know how you would like things to be handled.

STEP 3: ESTABLISH A WILL

A will allows you to accomplish three important things:

- Transfer your assets to loved ones and to the causes you care about.
- Provide for guardianship of minor or disabled children.
- Name an executor, the person who will carry out your will's instructions and has the important job of settling your estate.

Not having a will means losing control of how your assets are distributed. If you do not have a plan, the state and/or federal government will implement their plan for you.

As a companion to your will, you may want to create a “letter of instruction.” This document, while legally non-binding, gives your executor information crucial to settling your affairs. Without such a letter, it can be easy for an executor to miss important items or become overwhelmed trying to sort through all of the documents you left behind. The following are some items that can be included in your letter:

- A list of people to contact when you pass away, and a list of beneficiaries of your estate plan.
- The location of important documents, such as your will or living trust, insurance policies, financial statements, deeds and birth certificates.
- A list of assets, such as bank accounts, investment accounts, insurance policies, real estate holdings and military benefits.
- Logins, passwords and PIN numbers for online accounts.
- The location of any safe deposit boxes.
- A list of contact information for lawyers, financial planners, brokers, tax preparers and insurance agents.
- A list of credit card accounts and other debts.
- A list of organizations that you belong to that should be notified in the event of your death.
- Instructions for your funeral or memorial service.
- Instructions for the distribution of sentimental personal items.
- A personal message to family members.

SAMPLE BEQUEST LANGUAGE

For an unrestricted gift that allows the Archdiocese of Chicago to determine how to use the funds based on the most pressing needs, you can use the following language for your will and/or trust:

“I give *[insert specific dollar amount, or percentage of net or residuary]* to The Catholic Bishop of Chicago, Tax ID #36-2170826, a corporation sole located in Chicago, Illinois, to be used for the general charitable, religious and educational purposes of the Archdiocese of Chicago.”

To designate your gift for a particular parish, school or ministry, please use the following language:

“I give *[insert specific dollar amount, or percentage of net or residuary]* to The Catholic Bishop of Chicago, Tax ID #36-2170826, a corporation sole located in Chicago, Illinois, to be used for the benefit of *[insert name of parish, school or ministry]* located in *[insert city]*, Illinois. However, if *[insert name of parish, school or ministry]* ceases to exist in its current form, then to the new *[‘parish or parishes’/ ‘school’/ ‘ministry’]* erected in its stead.”

Make sure your executor or personal representative has an original copy of your will and your letter of instruction. You should review these documents at least annually – or sooner if there are changes in your marital status, state of residence or dependents, and if tax laws change – to make sure they are up-to-date.

STEP 4: REVIEW YOUR BENEFICIARY DESIGNATIONS

The determination of who receives the remainder of your retirement plan assets and the proceeds of your life insurance policies is made through a beneficiary designation form on which you can name persons or charities. Each company has a specific form for this purpose, and they can be found on the company’s website or through your advisor. These assets are not part of your probate estate.

These designations should be periodically reviewed to make sure that the form you have in your file matches the form on file with the account administrator. Because retirement plans are taxed differently than most assets, they may actually become a tax liability. That’s why they are one of the most popular – and tax-wise – gifts you can make to a charity, such as the Archdiocese of Chicago or your local parish. You should consult with a financial advisor in order to avoid potentially significant unintended tax consequences.

A gift of retirement plan assets to a charity, such as the Archdiocese of Chicago, means that 100 percent of your gift is transferred to the organization with no deductions for taxes.

STEP 5: CONSIDER YOUR CHARITABLE GOALS

Charitable gifts from your estate allow you to leave a permanent legacy in your name or the name of a loved one, and you can make an impact on future generations of those served by the charitable organizations you’ve named. It’s important to consult your financial advisor on ways charitable donations may help avoid unintended tax consequences for your estate and your loved ones.

HELPFUL INFORMATION

Legal Name:
The Catholic Bishop of Chicago

Federal Tax ID Number:
36-2170826

Address:
Archdiocese of Chicago
Office of Stewardship and
Development
835 North Rush Street
Chicago, IL 60611

People are sometimes unsure if they should inform a charity of an intended estate gift. There are several benefits for you that come from informing us of your intentions. Doing so provides the assurance that we understand exactly what you intend your gift to be used for. We can also express our sincere thanks and appreciation to you.

As you create or review your plans, we hope you will consider leaving a legacy of faith by including a gift for the archdiocese or your local parish or school. The two most popular ways to do this are by bequest in your will or trust, or by naming the archdiocese or your local parish or school as a beneficiary of your retirement plan or insurance policy. These gifts cost you nothing now and are revocable, which means they can be easily modified at any time if your circumstances change.



St. Christopher School, Midlothian, IL. Photo: Natalie Battaglia

STEP 6: EXECUTE HEALTH CARE DOCUMENTS

There are numerous health care documents that are important parts of your estate plan to make sure your wishes are followed and your plans implemented in the event you become incapacitated, including:

Living Will

This document states your wishes and directions on what treatment you do or do not wish to have if you are terminally ill and cannot speak for yourself. It applies only to medical care that will delay your death when you have a terminal condition. For example, you can specifically state that you do not wish to be administered CPR or any other life support methods. In addition, it can state your preferences for other medical decisions, such as pain management and organ donation.

Many living will forms are very general in nature. You should add specific instructions to any form and be as comprehensive as possible.

Please pay attention to the details of your state's rules for signing your living will. You may need to have adults, who are not family members, witness your signature, and you may need to have your signature notarized.

In some states, living wills are known as advance health care directives. In other states, the living will and health care POA/surrogate documents are combined into one document known as an advance directive.

HIPAA Waiver

This is also known as a HIPAA Authorization. The Health Insurance Portability and Accountability Act establishes strict privacy rules for patient medical records, which you may need to waive for your health care surrogate and other named family members.

Even though your health care POA/surrogate document will likely contain language allowing your surrogate to have access to your medical records, some hospitals require a separate document where you waive your privacy rights under HIPAA to your health care surrogate and other named family members. You can obtain a waiver from your physician.

STEP 7: PREPARE TO MEET WITH YOUR ADVISORS

Before you meet with your attorney and financial advisor(s), you will need to create a list of your assets and your priorities.

- List your property, including bank accounts, real estate, stocks, bonds, money market accounts, mutual funds, life insurance policies, pension plans, pets and personal property. Estimate the value and the original cost of each item.
- List the people and charities, like the archdiocese or your local parish, you want to provide for when distributing your property. Include their addresses and relationship to you.
- Detail your wishes for distributing your property.



Photo: Karen Callaway/Chicago Catholic

Priests have dedicated their lives to ministry, serving our needs as Catholics without asking for anything in return. Now, it is our turn to show our love and care for their ever-faithful support. Please consider including a legacy gift to support the health, wellness and retirement of our priests.

Sample: Inventory of Current Assets and Liabilities

	Owned by you alone	Owned by your spouse	Owned jointly
Residence	\$	\$	\$
Other real estate	\$	\$	\$
Bank accounts, CDs, money market funds	\$	\$	\$
Stocks, bonds, mutual funds	\$	\$	\$
Qualified retirement plans/IRAs	\$	\$	\$
Life insurance	\$	\$	\$
Personal possessions	\$	\$	\$
Potential inheritance	\$	\$	\$
Annuities	\$	\$	\$
Other assets	\$	\$	\$
SUBTOTAL:	\$	\$	\$
SUBTRACT:			
Debts, mortgages and loans	\$	\$	\$
EQUALS: Estimated net worth	\$	\$	\$

Sample: Location of Important Papers

Vital statistics	
Last will and testament	
Living trust agreement	
Durable (financial) power of attorney	
Living will	
Power of attorney for health care decisions	
Guardianship of children and/or elderly parents	
Brokerage statements	
Bank statements	
Business agreements	
Titles and deed to real estate, vehicles, etc.	
Tax returns from past years and tax information for current year	
Charitable documents	

Sample: List of Personal Advisors

Physician(s):

Name: _____ Name: _____
 Address: _____ Address: _____

 Specialty: _____ Specialty: _____
 Phone: _____ Phone: _____

Clergy person:

Phone: _____
 Address: _____

Insurance agent:

Phone: _____
 Address: _____

Attorney:

Phone: _____
 Address: _____

Trustee:

Phone: _____
 Address: _____

Executor(s) of will:

Name: _____ Name: _____
 Address: _____ Address: _____

 Phone: _____ Phone: _____

Investment banker:

Phone: _____
 Address: _____

Tax consultant:

Phone: _____
 Address: _____

Financial advisor:

Phone: _____
 Address: _____

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Stewardship and Development
835 North Rush Street
Chicago, IL 60611-2030
giving.archchicago.org

CONTACT US

To learn more about the different gift options that may work best for your needs and charitable goals, please contact **Krystina M. Campbell** at **312.534.5404** or **kcampbell@archchicago.org**.

If you have already included a gift to support the Archdiocese of Chicago or one of its parishes, schools or ministries, please let us know about your generous gift so you can ensure that your wishes are carried out as you intend.



Habitat for Humanity, multiple parishes, Tinley Park, IL. Photo: Karen Callaway