

Leaving a Legacy For an Eternal Perspective

By Mel Cohen, CFP®, RFC®

Have Your Eternal Perspective Continue After You Are Gone!

Messiah Echad would like to have a building of its own. It is very difficult to accumulate the funds through tithes and offerings. Below is general information on how to leave a personal legacy to Messiah Echad that has an eternal perspective.

Messiah Echad can be the recipient of donations as part of your estate plan. You can donate to our building fund, for a specific purpose, or our general fund. Since I know just a little about this, we asked Mel Cohen to provide the basics of planned giving in layman's terms for our members and core supporters.

Mel is a licensed CERTIFIED FINANCIAL PLANNER™. He has been a CFP® since 1989; became a REGISTERED FINANCIAL CONSULTANT in 1990 and was in private practice prior to moving to Texas and joining Messiah Echad. While working in PA, Mel was also a REGISTERED INVESTMENT ADVISOR. His full biography is available upon request. Contact info is mel@practax.net or by phone at 931 446-9150.

Mel will be glad to provide you with additional information or wording, and work with your financial advisor, insurance broker, or attorney. There would not be any fees on Mel's end associated with this. The rest of this article is written by Mel.

- Rabbi Jonathan

This memorandum covers basic information that should not be used or relied on as professional or legal advice. Please check with your financial advisor and/or your attorney for specific advice regarding coordinating your estate planning objectives with your charitable goals.

In general, there are a number of ways to remember Messiah Echad in your testamentary estate planning through a will, trust, or via life insurance or retirement plan beneficiary designation. There are also a number of tax efficient ways to make tax-free and tax advantaged donations during your lifetime.

In general, and exclusive of your desire to facilitate charitable gifts, having an estate plan will ensure that your ultimate wishes are carried out and your assets are distributed to the beneficiaries you desire in the most efficient manner possible. All estate plans endeavor to save your family legal fees, headaches, and court costs.

Many of the planning techniques described below are designed to avoid the probate process or to at least make the probate process streamlined and inexpensive. Estate administrations for decedents who die without a will are generally more expensive because the laws of intestate succession determine the owners of an estate. Furthermore, if minor children are involved, the courts generally require a more formalistic supervised estate administration and potentially a court supervised trust. These expenses can largely be avoided by having a will that is designed to avoid court supervision by designating an independent executor, and by ensuring that gifts to your minor children are made in a manner where court supervision is not required.

In general, we recommend you include the following language to direct all gifts and charitable bequests to:

Messiah Echad, Inc., a Texas 501(c)(3) nonprofit corporation
Tax ID 46-3261554
375 County Road 245
Georgetown TX 78633

WILLS AND TRUSTS

One straight-forward approach to charitable giving is to include a specific gift to Messiah Echad in your will. This gift can be either a gift of a certain dollar amount, or perhaps a percentage of your estate. For example, you might ask your attorney to consider including the following sample language which can be specifically tailored to accomplish your objectives:

(Sample Language gift of dollar amount): I give the sum of [\$_____ (dollars)] to Messiah Echad, a Texas 501(c)(3) nonprofit corporation (Tax ID 46-3261554) with its principal office at 375 County Road 245, Georgetown, TX 78633.

You may also make a gift of a percentage of your residuary estate:

(Sample Language—gift of percentage of estate): I give [ten percent (10%)] of my residuary estate to Messiah Echad, a Texas 501(c)(3) nonprofit corporation (Tax ID 46-3261554) with its principal office at 375 County Road 245, Georgetown, TX 78633.

You may further specify if you would like to direct your gift to a specific fund, such as, for example, the General Fund, Benevolence, or Israel Missions. We can help you with the correct wording.

(Sample Language—gift of real estate to building fund): I give, devise, and bequeath all of my interest in the real estate located at 1234 Main Street, Austin Texas to Messiah Echad, a Texas 501(c)(3) nonprofit corporation (Tax ID 46-3261554) with its principal office at 375 County Road 245, Georgetown, TX 78633, for the benefit of Messiah Echad and its building fund.

(Note that a gift of real estate or other in-kind assets is appropriate as the executor of the estate will likely have the ability to sell the real estate and contribute the proceeds of that property to the fund.)

You may also consider a contingent gift if you are not survived by family members you wish to provide for:

(Sample Language—contingent beneficiary) If neither my wife nor any of my children survive me, I give my estate to Messiah Echad, a Texas 501(c)(3) nonprofit corporation (Tax ID 46-3261554) with its principal office at 375 County Road 245, Georgetown, TX 78633.

If you have a sizeable estate, your advisors may also suggest a Charitable Gift Annuity or a Charitable Remainder Trust.

RETIREMENT PLANS

While we recommend that you seek professional help in preparing a comprehensive estate plan, changing a beneficiary designation for your retirement plans can be accomplished very easily through your employer, brokerage firm, or financial planning firm simply by filling out a new beneficiary designation form and submitting the completed form to the plan administrator.

You can designate Messiah Echad as one of the beneficiaries (or the only beneficiary) of your specific traditional IRA, Roth IRA, 401(k), 403(b), 457(b), etc. plans.

In general, the assets of retirement plans are usually subject to income tax upon receipt by the beneficiary. Naming Messiah Echad as the beneficiary, which is a tax exempt organization, will allow you to reduce or avoid the future taxation of these accounts. Furthermore, for anyone who is over the age of 70 ½ who is required to take minimum required distributions from their retirement plans, directing these distributions to Messiah Echad will avoid the tax on these distributions.

You may also consider naming Messiah Echad as the contingent beneficiary of one or more of your retirement accounts in the event that your primary beneficiary (or beneficiaries) do not survive you.

You would change your current beneficiary designation form to add Messiah Echad to it and alter the percentages accordingly. It is an easy process that will take a few minutes to do.

With proper beneficiary designations, retirement plan assets will pass immediately to the named beneficiaries outside the probate process and free from court supervision. Retirement assets are ideal for use in charitable planning.

LIFE INSURANCE

Life insurance is an attractive tool as the proceeds of most life insurance policies are not taxable to the beneficiary and are not subject to the probate process. This means that the benefits of life

insurance are also not subject to the creditors of your estate and pass immediately to the named beneficiaries on file.

In order to include Messiah Echad as a beneficiary of a life insurance policy, you would work directly with your insurance agent or broker to accomplish this using the life insurance company's beneficiary designation form.

For example you might designate Messiah Echad as a 50% beneficiary of a life insurance policy while naming a spouse or other family member as the other 50% beneficiary.

PAYABLE ON DEATH (POD) BANK ACCOUNTS

Payable-on-death bank accounts avoid probate. You need to check with your bank to see if they offer a payable-on-death account. Most national and regional banks do, but not all local banks will. This account is easily created by filling out bank-specific forms with the bank designating Messiah Echad to receive all or a percentage of the funds when you die. This kind of account leaves you in total control of your account during your lifetime. The bank will do the rest, bypassing probate entirely. As long as you are alive, Messiah Echad has no rights to your payable-on-death (POD) account or accounts.

SECURITIES

There is a similar POD process for securities (stocks, bonds, etc.) called transfer-on-death (TOD). Most states have adopted the Uniform TOD Security Registration Act. This act provides non-probate transfer of specifically registered investment securities from you, the owner, to a named beneficiary at the owner's death. All states recognize this form of transfer except Texas and Louisiana. If you are a Texas resident this is not available. Your gift would have to be part of your will or estate plan. In the alternative, you may be able to pass securities to Messiah Echad through a POD or TOD brokerage account.

REAL ESTATE

As of September 1, 2015 Texas allows you to prepare a deed on a new purchase or change an existing deed, but have it take effect only at your death; the deed must expressly state that. A transfer-on-death or beneficiary deed must be prepared, signed, and notarized like any other deed, and be recorded in the county land records office. This also avoids probate.

LIFE ESTATE

This type of giving is used for real property such as a farm, home, apartment building, etc. This type of giving provides for a current-year tax deduction by transferring the deed to Messiah

Echad, but it provides you with the right to live in and enjoy the property throughout your lifetime.

Disclaimer:::: The information communicated in this letter is not intended as a substitute for professional, financial, or legal advice. This communication cannot be relied on to avoid tax-related penalties, or to promote, market or recommend any transaction or matter addressed herein.

