

Glossary of Estate Planning and Planned Giving Terminology

Administrator

The person appointed by the probate court to manage one's estate when he or she dies without leaving a will. Administrators have the same duties as executors.

Advance Directives (Living Will)

A legal document directing that the maker's or signer's life is not to be artificially supported in the event of a terminal illness or accident. Sometimes referred to as advanced directives

Annuity

A sum of money payable quarterly or at other regular intervals.

Appreciated Property

Property, such as real estate, artwork, or stock, which has increased in value.

Beneficiary

An individual designated to receive benefits or funds under a will or other contract, such as an insurance policy, trust or retirement plan.

Bequest (sometimes called a devise)

To give or leave something by will, typically personal property, cash, or other assets.

Charitable Gift Annuity

Typically an agreement in which a donor transfer cash or other assets to a charitable organization in exchange for its promise to pay you a set annual amount life or for a term of years. The Episcopal Church Foundation is our administrator.

Charitable Trust

A trust having a charitable organization, such as your congregation, as a beneficiary.

Codicil

A legal instrument, usually simple and brief, made to modify an earlier will.

Corporate Fiduciary

An institution that acts for the benefit of another. One example is a bank acting as trustee.

Cost Basis

The original value of an asset, such as stock, before its appreciation or depreciation.

Devise (otherwise known as a bequest)

To give or leave something by will, typically personal property, cash, or other assets.

Durable Power of Attorney

A written legal document that lets you designate another person to act on your behalf, even in the event you become disabled or incapacitated.

Estate Tax

A tax imposed at one's death on the transfer of most types of property.

Executor (or Personal Representative)

The person named in a will to manage your estate after you die. This person will collect the property, pay any debt and distribute your property or assets according to the will.

Fiduciary

A person or institution legally responsible for the management, investment and distributions of funds. Examples include trustees, executors and administrators.

Gift Tax

Tax on gifts generally paid by the person making the gift, rather than the recipient.

Gift-Tax Annual Exclusion

The provision in the tax law that exempts the first \$11,000 (as adjusted for inflation) in present-interest gifts a person gives to each recipient during a year from federal gift taxes. This is due to be raised periodically under the present tax code.

Grantor

The person who transfers assets into a trust for the benefit of another.

Gross Estate

The total property or assets held by an individual as defined for federal estate tax purposes.

Guardian

An individual legally appointed to manage the rights and/or property of a person incapable of taking care of his or her own affairs.

Inter vivos

A type of trust created during one's lifetime to hold property for the benefit of another person.

Interest

Any right or ownership in property. Example: John Smith has a 10% interest in the Ada Smith farm.

Intestate

The term applied when an individual dies without a will.

Joint Ownership

The ownership of property by two or more people, usually with the right of survivorship. This means that the survivor ends up owning the property outright.

Life Insurance Trust

A trust that has the proceeds of an individual's life insurance policy as its principal.

Living Trust

A revocable trust established by a you during your lifetime in which the you transfer some or all of your property into the trust.

Living Will (Advance Directives)

A legal document directing that the maker's or signer's life is not to be artificially supported in the event of a terminal illness or accident. Sometimes referred to as advanced directives.

Marital Deduction

A deduction allowing for the unlimited transfer of any or all property from one spouse to the other generally free of estate and gift tax.

Power of Attorney

A written legal document that gives an individual the authority to act for another.

Powers of Appointment

A right given to another person in a written instrument, such as a will or trust that allows the other person to decide how to distribute the property. The power of appointment is "general" if it places no restrictions on whom the distributees may be. A power is "limited" or "special" if it limits the eventual distributee.

Probate

The court process for determining the validity of a deceased person's will.

Testamentary Trust

A trust that is created upon death by the terms of a person's will.

Testator

An individual who dies leaving a will or testament in force.

Trust

A written legal instrument created by a grantor during his or her lifetime or at death for the benefit of another.

Trustee

The individual or institution entrusted with the duty of managing property placed in the trust. A "co-trustee" serves as trustee with another. A "contingent trustee" becomes trustee upon the occurrence of a specified future event.

Unified Credit

A federal tax credit that offsets gift tax and estate tax liability. For gift tax purposes, the unified credit remains at \$345,800 through 2009, which is equivalent to an applicable exclusion amount of \$1 million. For estate tax purposes, the unified credit is being gradually increased from \$345,800 in 2003 to \$1,455,800 in 2009, which is equivalent to an applicable exclusion amount of \$1 million in 2003 to \$3.5 million in 2009.

Will (or devise)

A legally executed document that directs how and to whom a person's property is to be distributed after death.

(Inspired by and expanded from Sweet Briar College giving glossary)