

## PLANNED GIVING NEWSLETTER #28: July 21, 2023

United Way of Pickens County is providing this newsletter as a service to our faithful supporters, because we have seen the consequences of people not having an estate plan.

information about the various components of an estate plan. We hope that you will use this information to consider how your estate plan can provide for your family, reduce your tax burden, and support charities that you have supported during your lifetime.

It is not intended to provide legal or financial advice. Please seek the help of a local attorney or financial planner before making an estate plan.

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**Why Do I Need an Estate Plan...I'm Not Wealthy?** by Michelle H. King, attorney with Merline & Meacham in Greenville, SC.

"It's a common misconception that estate plans are only for the wealthy. Regardless of your net worth, everyone should have an estate plan," said Michelle King of Merline & Meacham.

**What is an estate plan?** "An estate plan is a series of documents that allow you to leave important instructions about what should happen to your children and assets should you unexpectedly die. A complete estate plan also provides healthcare directives should you become incapacitated. Standard estate planning documents include a last will and testament, revocable living trust, durable power of attorney, a living will and health care power of attorney."

"Estate planning isn't one-size-fits-all. Each document is customized to the individual's situation, whether you are single or married, whether you have a blended family, or whether you are 20, 45 or 90 years old."

**If I am not wealthy, why do I need an estate plan?** "Below are five reasons to create an estate plan:

**1. You are planning for more than your death.** Estate planning covers more than just who gets your property when you die. It also plans for incapacity through the use of powers of attorney, trusts and living wills. No matter your wealth, these tools are critical for your family to have in the event you are incapacitated and cannot make decisions for yourself. With a durable power of attorney, you appoint someone to take care of your financial matters, such as filing taxes, paying bills, and selling property. In a healthcare power of attorney, you appoint someone to make medical decisions for you. Through a living will, you communicate your end-of-life wishes and healthcare decisions.

**2. You can name a guardian for your minor children.** In a will, you can designate a guardian for your minor children. You can pick someone who you trust and who has the same family values."

**3. You can decide what happens to your property.** Through a will or trust, you determine how your property is distributed when you die. It is important to make these decisions regardless of how large of an estate you have. It is also important to consider sentimental assets that may not have a high financial value. If you die without an estate plan, South Carolina laws govern what happens to your property. Your spouse or closest relatives do not decide how it is distributed. The intestacy laws may differ from what you would have wanted, especially if you are part of a blended family or have children or parents with special needs.

**4. Avoiding or minimizing probate.** Absent prudent planning, your assets will go through probate when you die. The probate process is governed by the local probate court which oversees the administration of a person's estate. There are many negatives of probate. First, it is expensive. Your heirs will have to pay court costs, attorney's fees, accounting fees, and appraisal fees. Probate also takes months or years to complete. It will be a long time before your family sees their



Michelle H. King, JD, LL.M.  
Merline & Meacham,

inheritance. Probate is also public. Anyone can go to the courthouse and request the records. There are many estate planning tools, such as trusts and beneficiary accounts, that you can use to avoid or minimize probate.

**5. It's an amazing gift.** An estate plan is an amazing gift to leave to your family. Instead of trying to figure out what you would have wanted and dealing with logistics, your family will be able to focus on celebrating your life. And, estate planning significantly reduces the risk of family conflicts. If you have clearly communicated your wishes, your family is less likely to fight over your property," said King.

When developing your estate plan, be sure to contact a local attorney, so that your wishes are accurately documented. Also, consider sharing a copy of all estate planning documents with family and friends mentioned in your documents.

## CAN I DONATE REAL ESTATE?

Most people don't think about donating real estate when they are considering how to lend their support to a non-profit organization. Property, such as a house, a farm or an empty lot can help you accomplish your charitable intentions. Here's some questions that may help you as you consider donating real estate:

- **What are the advantages of donating real estate?** Some advantages are: 1) You may claim an income tax deduction based on the full current value of the property. 2) You can avoid paying capital gains tax on any increase in the property's value since you acquired it. 3) Gifts of real estate can offset up to 30% of adjusted gross income in the year of the gift...if you itemize. 4) Unused income tax deductions can be carried forward for up to five years.
- **What type of real estate can I donate?** You can donate almost any type of marketable real estate, including a residence, vacation home, rental or commercial property, and undeveloped land. If you own marketable property, you can donate it, either now or through your estate plan.
- **How can I donate real estate?** There are many ways to donate real estate. The type of property, your tax situation and your personal charitable objectives will determine which strategy is most appropriate. An outright gift of real estate allows your generous gift to make a difference now, and may result in a tax savings. Leaving real estate to United Way of Pickens County through your will may offer an efficient way to make a significant future gift without impacting your current situation.
- **Is there a way to make a gift of real estate and receive an income in return?** Yes, you may transfer property to a charitable trust. When the trust sells the property, no capital gains are paid. You, and/or someone you name in the trust, can receive income based on the full value of the property for life or for a set number of years. When the trust terminates, the remainder will be given to United Way of Pickens County.
- **Can I donate my residence and still continue to live there?** Yes, you can donate your home or farm to United Way of Pickens County, and continue to live there for the remainder of your lifetime. This arrangement is called a "retained life estate". When you irrevocably deed your residence to United Way of Pickens County, you retain the right to live in it for the rest of your life...and your spouse's life too! You will receive an immediate tax deduction. Following your death, United Way of Pickens County will sell your property, and use the proceeds for our mission.

When considering a gift of real estate, keep the following in mind:

- **The property must be sellable.**
- **To meet IRS requirements, your property will need to be appraised by a qualified appraiser.**
- **The exact tax savings depends on your specific situation.**

Contact a local attorney or financial advisor to discuss the option of donating real estate to United Way of Pickens County. We will work with your legal representative to ensure that your charitable and personal objectives are met.



You are invited to join the **Heritage Society** by pledging an estate gift to United Way of Pickens County. Unless otherwise indicated, your final gift will live on in the Endowment Fund helping those who struggle to access food, shelter, and healthcare in our community. And, you will be supporting United Way of Pickens County's bold goal that 70% of 3<sup>rd</sup> graders read at grade level. **Heritage Society** members gather annually to welcome new members, and to hear an update about the work that their annual support is making possible. If you want to help Pickens County residents in need for generations to come, simply contact Mark Eisengrein at 864-850-7094 ext. 108 or email at: [meisengrein@uwpickens.org](mailto:meisengrein@uwpickens.org)