

**PLANNED GIVING NEWSLETTER #32: June 24, 2024**

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.

Mailing address:  
United Way of Pickens County  
P.O. Box 96  
Easley, SC 29641

Physical address:  
United Way of Pickens County  
201 South 5<sup>th</sup> Street  
Easley, SC 29640  
864-850-7094 ext. 108

Website:  
[www.uwpickens.org/heritage-society](http://www.uwpickens.org/heritage-society)

Tax ID# 57-0476249

If you wish to be removed from this mailing list, please send an e-mail to Mark Eisengrein at:  
[meisengrein@uwpickens.org](mailto:meisengrein@uwpickens.org)

**DOES YOUR WILL REFLECT YOUR VALUES?**

A Will (or revocable trust) is the most important document you can create. It is more than a distribution of your assets. Your Will is your legacy. It dictates how you will be remembered, and can be created to reflect your values. It's a chance to ensure that people benefit from your caring heart long after you have passed.

Michelle King, LLM, attorney with Merline & Meacham, PA of Greenville provides us with 5 important things to consider when creating a Will:

**1. Who will be the Personal Representative of your Estate?** "You should decide who will be the Personal Representative of your estate, and ask them if they would be willing to take on this role," said King. "Honesty and integrity are both important when choosing your Personal Representative, as that person will ensure that the terms of your Will are carried out. This could be someone from your family or friend circle, or perhaps an accountant or attorney."

**2. Who will be the Beneficiary of your Estate?** "A beneficiary is a person(s) who will inherit your assets, when you pass away," said King. "Often, people choose loved ones, so that they can have peace of mind knowing that their loved one(s) will be cared for and protected. Other beneficiaries can be parents, siblings, significant others, and good friends. Many people also include charities and worthy causes in their Will as a beneficiary."

**3. What will happen to your Pets when you pass away?** "Our pets are important members of our families. If you have a much-loved pet, you may want to ensure that they are cared for in the future," said King. "You can't leave a gift directly to your pet, but you can nominate a family member or friend to care for your pet. You can then allocate funds from your estate for pet care."

**4. Can you leave a gift to a Charity in your Will?** "Yes, it is common for people to make a final gift in their Will to a charity that they have supported throughout their lifetime," said King. "It's an easy and simple way to ensure that the mission of the charity that you've supported over the years will continue to serve and help." Examples of gifts left to charities in a Will are cash, stocks, real estate, automobiles, insurance policies, and retirement accounts. If you would like to discuss how you can make a difference in the lives of those in need in Pickens County through your Will, contact Mark Eisengrein at [meisengrein@uwpickens.org](mailto:meisengrein@uwpickens.org)

**5. What happens if you don't have a Will?** If you pass away without having a valid Will, a court in South Carolina will appoint a Personal Representative. The law of the state of South Carolina will determine who will receive your assets and even who will serve as guardians of your minor children. This can be lengthy, stressful and expensive for your loved ones, who will have to bear the burden, while grieving. Having a Will in place will give you peace of mind knowing that all your affairs are in order, and your nearest and dearest will be cared for.

"If you don't have a local attorney, I would welcome the opportunity to work with you to create an estate plan," said Michelle King. "Call my office in Greenville at 864-242-4080 or email me directly at [mking@merlineandmeacham.com](mailto:mking@merlineandmeacham.com) to set up an appointment, so that we can start the process of creating a Will that reflects your values and wishes."

## FOUR WAYS TO PASS YOUR HOME TO YOUR CHILDREN...TAX-FREE!

A reader of this newsletter asked us to discuss what are the tax consequences of giving your house to your children...one day. We reached out to Michelle King, LLM, attorney with Merline & Meacham, PA of Greenville, and she provided 4 options to consider:

**1. Leave the House in Your Will:** "The simplest way to give your house to your children when you pass is to leave it to them in your Will (or revocable trust). As long as the total amount of your estate is under \$13.61 million (in 2024), your estate will not pay estate taxes. In addition, when your children inherit property, it reduces the amount They will have to pay if they sell the property one day. Capital gains taxes are paid on the difference between the property's basis and its selling price. If children inherit property, the tax basis is "stepped up", which means the basis would be the value of the property at the time of death, not the original cost of the property."

**2. Gift the House:** "When you give anyone other than your spouse property valued at more than \$18,000 (\$36,000 per couple) in any one year, you have to file a gift tax return. However, you can gift a total of \$13.61 million (in 2024) over your lifetime without incurring a gift tax. If your residence is worth less than \$13.61 million, you likely will not be required to pay any gift taxes upon a gift of the residence. The downside of gifting property is that it can have capital gains tax consequences for your children. If your children are planning to sell the home, they may face steep capital gains taxes. When property is gifted, it does not receive a step-up in basis, as it does when it has been inherited. When you give away your property, the tax basis (or the original cost) of the property for the giver becomes the tax basis for the recipient.

**3. Sell Your Home:** "You can also opt to sell your house to your children. If you sell the house for less than fair market value, the difference in price between the full market value and the sale price will be considered a gift. As discussed above, you can use the \$18,000 annual gift tax exclusion, as well as the \$13.61 million (in 2024) lifetime gift tax exemption on this gift. The same issues with gifts discussed above will apply to this gift. Another option is to sell the house at full market value but hold a note on the property. The note should be in writing and include interest. You can then use the annual \$18,000 gift tax exclusion to gift your child \$18,000 each year to help make the payments on the note. This can be tricky, and you should consult an attorney to make sure this won't cause any tax problems."

**4. Put the House in a Trust:** "Another method of transferring property is to put it into a trust. If you put it in an irrevocable trust that names your children as beneficiaries, it will no longer be a part of your estate when you die, so your estate will not pay any estate taxes on the transfer. The downside is that once the house is in the irrevocable trust, it can't be taken out of the trust. Although the house can be sold, the proceeds must remain in the trust. The transfer to the trust will also result in the same gift consequences discussed above.

According to Michelle King, the best method to use will depend on your individual circumstances and needs. "I would be happy to meet with you to discuss your specific needs, and how I can help you accomplish your objectives. Call my office in Greenville at 864-242-4080 or email me directly at [mking@merlineandmeacham.com](mailto:mking@merlineandmeacham.com) to set up an appointment, so that we can discuss a tax-advantageous way to pass your home to your children," said King.

## WHAT IS A CODICIL TO A WILL? (Part 1 by Michelle King, LLM, attorney with Merline & Meacham, PA)

A Codicil is a legal document that modifies, amends or revokes all or part of a Will, without replacing the existing Will. A Codicil allows you to change your Will easily and quickly, when your life situation changes. The original Will remains valid, unless the Codicil revokes it. Some modifications that a Codicil might address include:

- Removing beneficiaries who died or became estranged.
- Replacing a Personal Representative who died or whom you no longer trust.
- Adjusting cash gifts to reflect inflation.
- Taking into account a marriage, divorce, separation or name change.

If you need to make sweeping changes to your Will, or you've lost or damaged your original Will, it may be wiser to create a new Will. Additionally, multiple Codicils may lead to confusion during probate, so at some point you may want to draw up a new Will, rather than create more Codicils every time you want to update your estate plan.

*(The PRO'S & CON'S of a Codicil, and how to create a valid Codicil, will be discussed in the next newsletter.)*