ALPHA
Supported Living Services

1974-2024
50 Years of Support

ALPHA SUPPORTED LIVING SERVICES

ESTATE PLANNING GUIDE

A Practical Guide To Help You Get Organized
and Plan For The Future.

Dear Alpha Supported Living Services Supporter,

We are happy to provide you with Alpha's Estate Planning Toolkit. This guide will offer you practical estate planning tools and tips to help you get started.

If you choose to include Alpha in your estate plans, please let us know. We would be honored to have you join our Alpha Legacy Circle – a membership society for individuals who have included Alpha as a beneficiary in their wills, trusts and other assets.

We wish you the best as you move forward in your estate planning journey. Please don't hesitate to reach out if you have any questions.

Sincerely,

Scott Livengood

CEO

The
ALPHA
Legacy Circle

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Getting Started: A Checklist

In this toolkit, we will introduce you to some of the basic concepts of estate planning. This guide provides an overview; however, it is not a substitute for professional support. We hope this toolkit will help you get organized as you gather the information that your attorney will need. This will allow you to take control of the estate planning process and provide for you, your loved ones, and the organizations you care about the most.

AN ESTATE PLANNING CHECKLIST

A good way to start your estate planning process is to consider two questions; what are my assets and liabilities? And who are the people and organizations that matter most to me? These questions will help to prepare you in making a comprehensive estate plan.

STEP 1: CREATE A LIST OF YOUR ASSETS AND LIABILITIES

Make a list of all the property you own that is of considerable value (worth $100 or more). This includes your home, real estate, cars, jewelry, or collectibles. Next, make a list of your financial assets. Items may include IRA assets, bank accounts, securities, and life insurance policies.

Finally, consider your liabilities. For example, how much do you owe on your mortgage? Calculate the total of your assets and liabilities.

MODEL ESTATE INVENTORY

ASSETS	MIKE	ANNE	JOINT
RESIDENCE			$1,200,000
BANK ACCOUNTS	$25,000	$20,000	$45,000
401K PLANS	$500,000	$375,000	
TOTAL ASSESTS	$525,000	$395,000	$1,245,000
LIABILITIES			
MORTGAGE			$300,000
NET WORTH	$520,000	$395,000	$945,000

STEP 2: PLANNING FOR BENEFICIARIES

You probably have a good idea of which family members, friends, or close relatives you would like to include in your estate plan. According to Washington State law, you have the freedom to decide who should receive the proceeds of your estate and how they should receive it through your will, trust, or beneficiary designations.

If you are married, your estate consists of your half of your community property (property acquired during the marriage) and your separate property. If you have children or grandchildren, how do you want to provide for them? Are there specific assets that should go to specific individuals?

It is a good idea to create a list of your beneficiaries in combination with any charitable organizations you would like to support. This exercise will allow you to consider what percentage of your estate you would like to leave to each individual and organization.

STEP 3: REVIEW YOUR RETIREMENT ACCOUNT AND INSURANCE BENEFICIARIES

Accounts and policies in which you designate beneficiaries will normally pass outside of probate (the legal process through which a deceased person's property is transferred) and directly to your beneficiary upon death. These beneficiary designations will take precedence over directives in your will or trust. Therefore, it is important to contact your plan administrator for a current listing of your beneficiary selection for each account and make changes for those that are out-of-date.

Keep in mind that proceeds from a 401k or other retirement plan (excluding a Roth IRA) will be subject to income tax upon transferring the funds to your beneficiaries. However, if you leave the proceeds to a charitable non-profit organization, the transfer of the assets will be exempt from taxation. Beneficiary designations can be changed or updated at any time, and you can continue to take withdrawals from your retirement account during your lifetime.

In addition, many bank accounts and assets such as cars can be set up with a transfer on death (TOD) feature to avoid the probate process. This way, your assets will go directly to your listed beneficiaries outside of court proceedings if they are not challenged in court.

STEP 4: GATHER ESTATE PLANNING DOCUMENTS

Four essential documents will be included in any estate plan:

- **Will.** A will is a legal document in which you name your personal representative and identify your estate beneficiaries. To learn more about creating a will, see the section "Wills: What you Need to Know."

- **Healthcare Directive.** A healthcare directive is a document in which you specify which actions should be taken if you are no longer able to make health care decisions due to illness or incapacity.

- **Durable Power of Attorney for Financial Matters.** This is a document that allows someone else to make financial decisions if you become incapacitated and are unable to make those decisions yourself.

- **Power of Attorney for Healthcare.** This is a document in which you designate someone to be your representative in the case that you are unable to make or communicate decisions about your healthcare.

STEP 5: SELECT AN ESTATE ADMINISTRATOR

Your personal representative could be a spouse, close relative, child, friend, or a professional fiduciary.

Some of the responsibilities of a personal representative include:

- Submitting the will to probate court.

- Taking an inventory of the estate.

- Evaluating debts and any taxes that may be due from the estate.

- Distributing assets according to the terms of the will.

Should you wish to name a professional to administer your estate, you have several options depending on its complexity. One option is to name a professional fiduciary to serve as your personal representative. (They can also serve as trustee, should you need those services.) Another option is to name a business that specializes in estate and trust administration. And lastly, trust companies and most banks and credit unions have expertise in estate administration and fiduciary services. Check with your financial institution to learn if they offer these services. With all these options, fees are not charged until work begins on your estate after your death.

Your estate planning attorney can provide you with referrals and help you explore what option might be the best fit for your circumstances.

STEP 6: FIND AN ESTATE PLANNING ATTORNEY

Once you've created your lists of assets and beneficiaries, it's time to reach out to an estate planning attorney. An attorney will be able to give you information on changes in legislation and estate tax laws, which could impact your estate plan. To find an attorney in your region please see the section "Resources for Finding an Estate Planning Attorney."

WILLS: WHAT YOU NEED TO KNOW

A will is a legal document that allocates your assets to selected beneficiaries and names the executor or personal representative of your estate. Fifty-six percent of Americans believe that estate planning is important, but only 33% of adults in the U.S. have documented their end-of-life plans. Many believe that life insurance and retirement plan beneficiary designations are adequate. However, if one passes away without a will, a court will determine the personal representative and the guardian of any children. Assets would be transferred based on the laws of intestacy which may not algin with one's own choices. Therefore, it is essential that you make your desires known through a will.

For a married couple, each spouse has their own will which outlines how they want to transfer their separate property and their half of the community property. Property that is left to the surviving spouse can take advantage of the Unlimited Marital Deduction, a provision that allows an individual to transfer an unrestricted amount of assets to their spouse at any time, including at their death, free from gift or estate tax.

A will is a revocable document, which means that you can amend it (using a "codicil") or revoke it at any time. As your life circumstances evolve, it is always a good idea to update your will to reflect these changes. If you move to a different state within the country, you should have your will reviewed by an attorney in your current state. In addition, if you had your will prepared five or more years ago, it is a good idea to do a formal review to ensure that it accurately mirrors your current situation and needs.

WHAT IS A LIVING TRUST?

A "living trust" refers to a trust that an individual sets up during their lifetime.

Trusts allow you to pass on property directly to your beneficiaries and can avoid the delays sometimes associated with probate. There are three primary benefits of setting up a living trust.

- Your assets will be transferred to beneficiaries outside of the probate process. Depending upon the selection of the trustee, this may save time and money.
- Unlike a will, a living trust is a private document and will never be made public.
- If for any reason you are incapacitated, your chosen successor trustee can take over to manage property within the trust.

Trusts are useful estate planning tools; however, you may still need a will. These two documents perform unique functions. Only through a will can you appoint a personal representative for your estate and designate a guardian for your children.

Many estate planning attorneys will recommend that you have a "pour-over will" in addition to a living trust to direct any assets that exist outside of your trust to your beneficiaries. With a pour-over will, you can ensure that all your property is transferred appropriately, regardless of whether it is specified on you trust.

You may wish to discuss with your attorney whether a will or a living trust is more appropriate for your circumstances. The probate process in Washington State is one of the most streamlined in the country therefore, creating a will is sufficient in many cases. However, if you have money management or privacy concerns it may be useful to inquire about the advantages of a trust. Trusts are more costly to set-up, but the process of liquidation is typically more straight-forward than going through probate.

	Will	Trust
REQUIRES PROBATE	YES	NO
PROVIDES FOR YOUR CARE IF DISABLED OR INCAPACITATED	NO	YES
ALLOWS YOU TO NAME A PERSONAL REPRESENTATIVE FOR YOUR ESTATE	YES	NO
PRIVATE DOCUMENT	NO	YES

Other Estate Planning Tools

CHARITABLE REMAINDER TRUSTS AND CHARITABLE GIFT ANNUITIES

Charitable remainder trust (CRT) and charitable gift annuity (CGA) are irrevocable trusts that allow donors to donate assets to charity and receive annual income for a set period or for life. The remaining assets are then given to the donor's chosen charities at the end of the trust's term.

There are two types of Charitable Remainder Trusts. A Charitable Remainder Unitrust (CRUT) and a Charitable Remainder Annuity Trust (CRAT). CRATs and Charitable Gift Annuities pay a fixed amount each year regardless of the economy. A Charitable Remainder Unitrust (CRUT), on the other hand, generates income based on the trust's investment performance. Rather than a fixed dollar amount, the distribution from a CRUT is a fixed percentage of the unitrust amount or the trust's assets – which are revalued each year.

DONOR ADVISED FUNDS

With a Donor Advised Fund (DAF), you typically donate cash, appreciated stocks or non-publicly traded assets to a fund managed by a community foundation or the philanthropic arm of a financial institution. You receive an immediate tax deduction for the full contribution and the assets grow tax free. Donating appreciated Assets to your Donor Advised Fund Eliminates you paying capital gains tax upon their sale.

The reason for the name Donor Advised Fund is because you recommend to the fund manager which charity to send a gift to. If the charity is a qualified charity that qualifies for tax-exempt status, the fund will send the gift.

There are over 20 community foundations in Washington State and most offer Donor Advised Funds. For a full listing, visit tgci.com/funding-sources/WA/community. Many financial institutions also offer Donor Advised Funds.

NAMING ALPHA IN YOUR WILL OR TRUST

A charitable bequest is one of the most meaningful legacies you can provide for your favorite organizations and can be an effective way to make a significant contribution that might not otherwise be possible.

Some donors designate specific gifts to family members and residual amounts to charities. In other situations, the reverse is more appropriate.

A donor can make a bequest to Alpha by:

- Specifying a percentage of their estate to Alpha
- Naming a specific dollar amount to Alpha
- Giving the residue of their estate to Alpha

The paragraph below is sample language that you can provide to your attorney to include a bequest to Alpha in your will or trust.

> *I leave to Alpha (the residue and remainder of my estate or a specific dollar amount or percentage) whose legal name is Alpha Supported Living Services and whose IRS TAX ID number is 91-0933802. I wish to allocate my gift for the following purposes.*

- A general category or programming
- Wherever the need is greatest

If you wish to allocate you gift to a specific program category, please discuss this with a staff person at Alpha so that we can be sure to carry out your wishes appropriately.

The same TAX ID number and wording applies to beneficiary designations of IRA's and life insurance policies.

Notifying Alpha in advance is one of the best ways to assure that your intentions will be carried out according to your wishes. While estate planning for the most part is a private matter, Alpha likes to thank legacy donors for their thoughtful consideration of supporting our mission of providing residential support for children and adults with intellectual and developmental disabilities well into the future.

FINDING AN ESTATE PLANNING ATTORNEY

There are many outstanding estate planning attorneys in the Puget Sound region. You should try to find someone with whom you feel comfortable and who has the right experience to address your specific concerns. Most attorneys are willing to provide you with a brief initial consultation at no cost to determine whether they can meet your needs.

Before meeting with an attorney, it is a good idea to prepare the following items.

- A list of assets and liabilities.
- The names and addresses of individuals and the TAX ID number of the organizations that you wish to name in your will or trust.
- The name of the individual or institution that will serve as your personal representative.

RESOURCES FOR FINDING AN ESTATE PLANNING ATTORNEY

Seattle Estate Planning Council

epcseattle.org

Click on "Directory," then "Member Directory" and select "Attorney at Law" under Discipline.

King County Bar Association

kcba.org

Click on "For the Public" and then select "Hire a Lawyer." Choose "Trusts/Estate Planning" or "Probate/Wills."

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Corporate Office

16030 Juanita Woodinville Way NE
Bothell, WA 98011
Phone (206) 284-9130

North Creek Office

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50 Years of Support

Visit us at
AlphasIs.org

The content of this toolkit is for example purposes only. It is Alpha's understanding that prior to drafting a will or trust, donors will discuss their unique situations with an attorney with estate planning background so that the plan is suitable to their specific situation and meets the standards in accordance with Washington State Law.