

Glossary of Terms

Actuarial

As used in planned giving, refers to the factors used to calculate the value of lifetime payments to individuals or organizations.

Administrator

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

Annuity

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

Appreciated Property

Securities, artwork, real estate, or any other property that has risen in value since the benefactor acquired it. Generally, appreciated property held by the donor for a year or more may be donated at full fair market value with no capital gains cost.

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

A gift or legacy left by will or through a trust, typically personal property or assets.

A **Bypass Trust** is set up to avoid or bypass the surviving spouse's estate, which enables each spouse to use the federal estate tax exemption.

Capital Gains Tax

A federal tax on the appreciation in an asset between its purchase and sale prices.

Charitable Gift Annuity

Typically an agreement in which you transfer cash or other assets to a charitable organization in exchange for its promise to pay you a fixed annuity for life.

Charitable Lead Trust is almost the opposite of a charitable remainder trust. During the term or life of the charitable lead trust, an annuity or unitrust income interest is distributed each year to the designated charitable beneficiary and the assets are eventually transferred to the trustor's or grantor's designated non-charitable beneficiary(ies).

Charitable Trust

A trust having one or more charitable organizations as beneficiary.

Charitable Remainder Trust (CRT)

An irrevocable trust naming individual beneficiaries for life, and one or more qualifying charities, as recipients of the remainder upon the last to die of the individual beneficiaries.

IRS qualified CRTs include: Charitable Remainder Unitrusts (CRUTs), the Charitable Remainder Annuity Trust (CRAT), and the Charitable Lead Trust (CLT), where the order is reversed, paying income first to charity and then to named individual beneficiaries.

Codicil

A legal instrument 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.

Durable Power of Attorney

A written legal document that lets an individual designate another person to act on his or her behalf, usually in the event the individual becomes 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 or trust to manage the estate. This person will collect the property, pay any debts, taxes and expenses, then distribute property or assets according to the will or trust document.

Fiduciary

A person or institution legally responsible for the management, investment and distribution 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 from federal gift taxes in 2006 the first \$12,000 (adjusted periodically for inflation) in present-interest gifts a person may choose to make to an unlimited number of individual recipients during any given tax year.

Grantor

The person who transfers assets into a trust for the benefit of him/herself or others.



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.

Illiquid

Not liquid. Typically, it refers to property that is unmarketable, difficult to sell, or carries specific restrictions.

Inter vivos Trust

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

Interest

Any right or ownership in property.

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.

K-1 (also 1099-R)

The IRS forms that we send our life-income gift participants detailing how payments they received from their gifts during the year will be taxed.

Life Insurance Trust

A trust that has an individual's life insurance policy as its principal asset.

Living Trust (Revocable)

A revocable trust established by a grantor during his or her lifetime in which the grantor transfers some or all of his or her property into the trust.

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.

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 in a written instrument, such as a will or trust, which allows the other 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 who the eventual distributees can be.

Probate

The court process for determining the validity of a deceased person's will, thereby authorizing the collection of assets, payment of debts/expenses/taxes, and the distribution of bequests.

Testamentary Trust

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

Testator

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

Trust

A written legal instrument created by a grantor for the benefit of him/herself (during life) or others (during life or at death).

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 \$780,800 in 2006 through 2008, and \$1,455,800 in 2009, which is equivalent to an applicable exclusion amount of \$2 million in 2006 through 2008 and \$3.5 million in 2009.

Unitrust (see Charitable Remainder Trust)

Generally the most popular and flexible type of charitable remainder trust.

Will

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

