



Gift planning terms and definitions

The following definitions are offered for general information purposes only. Please consult with a professional legal adviser to organize and formalize your own estate plan.

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

Appreciated property - Property, such as real estate 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 - To give or leave something by a will, typically personal property or assets.

Capital gains tax - A tax on capital gains, the amount by which proceeds from the sale of a capital asset exceed the original cost. Capital assets are appreciated assets held for more than one (1) year.

Charitable gift annuity - A contract between a donor and charitable organization whereby the donor transfers cash or other assets to the issuing charity in exchange for a partial charitable deduction and a guaranteed income for a specified period or their lifetime. A charitable gift annuity may also be established to benefit two persons such as the donor and a spouse or other family member.

Codicil - A simple legal instrument used to modify an earlier will.

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

Estate - Any money, real estate, personal property and other possessions owned at the time of death.

Estate planning - The steps taken to organize the distribution of a person's assets at death. This is a process that be reviewed and should updated throughout one's life.

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 the estate with responsibilities to collect the property, pay any debts, and to distribute property or assets according to the will.

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

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



Gift planning terms and definitions (cont.)

Intestate - The term applied when an individual dies without a will.

Probate – A legal process in which a court oversees the distribution of property left in a will.

Will - A legal declaration of how a person wishes their possessions to be distributed after death. A will states the person or entity to receive the property and in what amounts. Property distributed under the terms of the will become the “probate” estate. Making a will is a responsibility, as well as a right that is protected by law.