

Tanager Estate Planning & Planned Giving Tool Kit

Tanager has compiled this tool kit of resources individuals may find helpful as they consider their estate plans, or establishment of a planned gift. The tool kit can also be found at www.tanagerplace.org/volk-legacy-society.

Please reach out to Melissa Walker at mwalker@tanagerplace.org, or call (319) 365-9165 x310 if you would like additional information.

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Estate Planning: A Beginner's Guide to the Terms

A simple glossary to help you feel more confident getting started. Estate planning is about caring for the people and causes that matter to you, now and in the future.

Wills & Trusts

Estate plan The collection of documents and decisions that explain how your affairs should be handled if you become unable to make decisions or after your lifetime.

Estate The money, property and other assets you own, along with any debts or obligations.

Last Will and Testament (Will) A legal document that directs who receives your probate property after passing and lets you nominate an executor and a guardian for minor children.

Beneficiary A person or organization chosen to receive property, money, insurance proceeds or other benefits.

Executor The person or institution appointed by a court to carry out your will, pay estate expenses and distribute remaining property.

Probate The court-supervised process for settling an estate, including reviewing a will, addressing claims and distributing probate assets.

Intestate Passing away without a valid will. State law then determines who receives your probate property.

Trust An arrangement in which a trustee manages assets for the benefit of people or organizations you name.

Trustee The person or institution responsible for managing assets held in a trust according to its instructions.

Revocable living trust A trust created during your lifetime that you can generally change or revoke while you have capacity. Assets must be transferred into it to be governed by it.

AT A GLANCE	WILL	REVOCABLE LIVING TRUST
What it does	States who receives your probate property; can nominate an executor and guardians for minor children.	Holds assets managed by a trustee for beneficiaries, during life and after death.
When it works	Directs distribution at death.	Can manage trust-owned assets during your lifetime, including if you become incapacitated.

Probate	Probate property usually passes through court-supervised probate.	Properly funded trust assets generally pass without probate.
Privacy	A probated will generally become part of the public court record.	Trust administration is generally more private.
Setup and cost	Usually simpler and less costly to create.	Typically costs more initially and requires transferring assets into the trust.
Can it change?	Generally yes, while you have legal capacity.	A revocable living trust generally can be changed or revoked while you have legal capacity.

Important: Even with a living trust, you may still need a “pour-over” will for assets left outside the trust. A trust does not automatically avoid taxes; ask an estate planning attorney which documents fit your situation.

Planning for care and decision-making

Power of attorney (POA) A document authorizing someone you select (your agent) to make certain decisions or take actions on your behalf.

Durable financial power of attorney Allows a trusted agent to handle financial matters, such as paying bills, even if you later become unable to manage them yourself.

Health care power of attorney Names someone to make health care decisions when you cannot make them yourself.

Living will / advance directive Records preferences about certain medical treatments, particularly life-sustaining care, if you cannot communicate your wishes.

Guardian A person appointed by a court to make personal-care decisions for a minor child or an adult who needs this assistance.

Conservator A person appointed by a court to manage another person’s money or property.

IPOST Iowa Physician Orders for Scope of Treatment: medical orders about certain life-sustaining treatments, generally for people with serious illness or frailty.

Terms you may hear about charitable giving

Planned gift A charitable gift arranged through financial or estate planning; some are made during life and others take effect later.

Bequest A gift left to a person or charitable organization through your will or trust. It may be a dollar amount, percentage or remaining share.

Beneficiary designation Instructions on an account or policy identifying who receives its proceeds, such as from retirement accounts or life insurance.

Appreciated assets Property or investments, such as stock, that have increased in value since you acquired them.

Charitable gift annuity An arrangement in which you make a gift and receive fixed payments for life, with the remainder benefiting a charity.

Charitable remainder trust A trust that provides income to named recipients for a term or lifetime and then distributes what remains to charity.

Charitable lead trust A trust that makes payments to charity for a period, with remaining assets later going to other beneficiaries.

A simple place to start

Think about who you want to care for, who you trust to make decisions, and how you want your property distributed. Gather information about accounts, insurance, retirement plans, property and existing beneficiaries. Then meet with an estate planning attorney to select the documents that fit your needs.

Tanager can share estate planning resources and information about including children and families in your legacy: philanthropy@tanagerplace.org | (319) 365-9164



Intro to Planned Giving at Tanager

What is a Planned Gift?

A planned gift is a powerful way to make a lasting impact on the lives of children and families at Tanager, while meeting your financial, tax, and estate planning goals. Planned gifts are charitable gifts that are thoughtfully arranged as part of your financial, tax, or estate planning. Many planned gifts do not affect your current finances and are fulfilled later, often after your lifetime.

For many donors, planned giving is a meaningful way to honor their deep commitment to Tanager and help ensure our mission continues for generations to come. Planned gifts are invested in the Tanager Place Endowment Foundation, where they help provide lasting support for the children, families, and communities we serve. By including Tanager in your estate or financial plans, you can create a legacy of care that extends far beyond your lifetime.

Benefits of making a planned gift:

- Create a lasting legacy that aligns with your values.
- May provide tax advantages and income benefits.
- Flexible options tailored to your goals and assets.
- Gifts can be made during your lifetime or through your estate.
- Your gift is invested in the Tanager Endowment for lasting impact
- Those who make a planned gift commitment to Tanager may be recognized as members of our Volk Legacy Society, if they so choose.

Common Types of Planned Gifts

Planned gifts can take many forms, and each option offers unique opportunities to support Tanager while aligning with a donor's personal, financial, and philanthropic goals. Some gifts are simple to arrange through a will or beneficiary designation, while others may provide income, tax advantages, or a meaningful way to give through appreciated assets.

Our team would be honored to share more information about the gift types listed below, and help you explore the option that best reflects your wishes. We invite you to explore more details on these gift types on our website by using this QR code:



Bequest in a Will or Trust

Leave a specific dollar amount, a percentage of your estate, or a residual portion after other bequests are fulfilled.

*Benefits: Simple to arrange, revocable, and often reduces estate taxes.

Beneficiary Designation

Name Tanager as a beneficiary of your retirement plan, life insurance policy, or bank/brokerage account.

*Benefits: Easy to establish, avoids probate, and may reduce income and estate taxes.

Gifts of Appreciated Assets

Transfer appreciated securities, such as stocks, bonds, mutual funds, or other appreciated assets to Tanager.

*Benefits: May help avoid capital gains while also qualifying for income tax deductions.

Life Insurance Gifts

Name Tanager as owner or beneficiary of a life insurance policy.

*Benefits: Transform modest premiums into a significant future gift.

Retirement Fund Gifts

Make a qualified charitable distribution from your IRA or name Tanager as a beneficiary or owner of your account.

*Benefits: Avoid taxes on required minimum & other qualified distributions, and avoid higher tax rates on inherited IRA gifts to heirs.

Charitable Gift Annuity

Make a gift to Tanager and receive fixed income payments for life. The remaining balance supports Tanager's programs.

*Benefits: Maximize impact, continue earning income while minimizing taxes.

Charitable Remainder Trust

Transfer assets into a trust that provides you or your beneficiaries with income for life or a set term, with the remainder benefiting Tanager.

*Benefits: Potential tax savings and flexibility in managing assets.

Charitable Lead Trust

Provide annual income to Tanager for a specific term, after which remaining assets return to your heirs.

*Benefits: Reduces estate taxes and allows you to transfer wealth efficiently.

Gifts of Real Estate

Donate property outright, through a retained life estate, or by bequest.

*Benefits: Avoid capital gains taxes, receive a tax deduction, and provide enduring impact.

Volk Legacy Society

What is the Volk Legacy Society?

The Volks, whose profound generosity in 2000 marked a pivotal moment in our history, inspired the creation of this legacy society. All those, such as the Volks, who choose to leave a lasting legacy through a planned/deferred gift, as well as those who make a total lifetime gift to the Tanager Place Endowment Foundation of \$100,000 or more, are eligible for membership.

Additional Benefits of Membership

- **Community:** Join a group of like-minded donors who believe in creating lasting programs to promote resilience and mental wellbeing for children and families.
- **Updates & Events:** Receive exclusive invitations and insider updates about the impact of your gift.
- **Recognition:** Be honored as part of the Volk Legacy Society and inspire others through your generosity.

Volk Legacy Society's Impact Today

Since its founding in 2001 with just a handful of living members, the Volk Legacy Society has grown into a remarkable community of supporters committed to Tanager's future. Today, the society includes over 40 individuals and couples who have chosen to include Tanager in their long-term philanthropic plans, in addition to over 170 individuals and couples who have contributed a planned gift. The generosity of those who came before us have established what is now the second largest endowment in our community - resulting in over \$1 million in support coming back to support Tanager's programs annually. **We invite you to be part of this incredible legacy of transformational support today.**

How to Initiate a Planned Gift/Join the Volk Legacy Society

1. Please discuss your goals with your financial or estate planning advisor before making a gift. This information is not intended as legal or tax advice.
2. We invite you to contact the Tanager Philanthropy team at (319) 365-9164 or philanthropy@tanagerplace.org for guidance and sample language.
3. We encourage you to notify us of your plans so we can honor your legacy.
4. Consider completing a **VLS Enrollment Form**, which can be found on the Volk Legacy Society page of the Tanager website using the QR code above. Documentation of your planned gift commitment is optional, but does help our team confirm how you would like to be recognized and document any information that may be relevant to your specific gift intentions. Most types of planned gift commitments can be revised at any time.

Planned gifts may be directed to:

Tanager Place Endowment Foundation,
2309 C Street SW, Cedar Rapids, IA 52404.
Federal Tax ID (EIN): 42-1278189



Online Will Services

Working with an attorney is always recommended in order to ensure all aspects of your will and intentions have been taken into consideration and properly documented. However, we realize that legal fees and other barriers may inhibit some individuals from completing their will. The following options and considerations often reduce costs:

- Complete an Estate Planning Guide prior to working with an attorney, in order to ensure all information is compiled and ready
- Request a more Junior attorney from a firm - estate planning will still be well within their scope, while offering lower hourly rates
- Simple wills with one marriage/family/beneficiary are typically the lowest cost

While these options can significantly reduce costs for most families, the following alternative programs are offered for those who might not otherwise be able to complete a will. It is important to note that these **wills will not become legal without further steps, including being signed by two witnesses and notarized.**

Free Will

[FreeWill.com](https://www.freewill.com) provides several resources for those wanting simple and no-cost planning services. Individuals can set up an account to store all of their information in one place. FreeWill also provides the option to designate gifts to charities such as Tanager through wills, beneficiary designations, and more - directly from their platform.

Will Maker

To develop a Last Will & Testament, utilize the free, interactive [online WillMaker](#). Enter your information and create a last will and testament, customized to your wishes.

Additional Forms to Complete

Living Will

Use an advance healthcare directive, or living will, to specify your healthcare wishes and appoint someone to make decisions on your behalf if you are unable. Tanager recommends the [American Bar Association Toolkit for Health Care Advanced Planning](#) for more information.

Durable Financial Power of Attorney (DFPOA)

Keep your financial accounts accessible and bills paid by appointment someone to make financial decisions on your behalf if you are unable. For further information, please visit the [Iowa State Bar Association](#) website.

Iowa Physician Orders for Scope of Treatment (IPOST)

A document that allows a person to communicate their preferences for key life-sustaining treatments including: resuscitation, general scope of treatment, artificial nutrition and more. IPOST is appropriate for an individual who is a frail elderly, or who has a chronic, critical medical condition or terminal illness. [Visit their website](#) for more information.



Tanager would like to thank **Shuttleworth & Ingersoll** for their partnership in making the following Estate Planning Guide accessible to friends of Tanager.

Shuttleworth & Ingersoll Estate Planning Guide¹

Final Disposition of Your Property - Wills

The final disposition of a person's property is governed by his or her Last Will and Testament (a "Will") or the Iowa Code. If a person dies with a Will, the person is said to have died "testate" and the disposition of his or her property will be governed by his or her Will. If a person dies without a Will, the person is said to have died "intestate" and the disposition of his or her property will be governed by the intestacy statutes within the Iowa Code.

What is a Will?

A Will is the instrument within which you name the persons that you would like to receive your "probate" property upon your death. Your "probate" property generally includes the property that you own outright or as a tenant in common. Probate property does not include property which passes automatically upon your death by operation of law, such as property you own with someone else as joint tenants with rights of survivorship, or by contract, such as a life insurance policy, annuity, or retirement plan with a named designated beneficiary.

How do I make a Will?

In order for a Will to be valid, the Will must be in writing, signed by the person whose Will it is (the "Testator"), and signed by two witnesses in the presence of the Testator and each other. At the time the Will is signed, the Testator must be of sound mind, meaning that the Testator knows the extent of his or her property, knows the natural objects of his or her bounty (i.e. can identify his or her family), knows that he or she is signing a Will, and understands the nature of the distributions provided for in the Will.

What should be in my Will?

Possibly the most important decision for you to make is who the beneficiaries of your estate will be. It is common for a person to leave his or her probate property to a surviving spouse or children. You may also have other relatives, friends, or charities that you would like to benefit. You may want to leave your property to a trust, in which case you will need to name a trustee to hold your property for the benefit of your beneficiaries.

¹ Credit to Don Johnson of Shuttleworth & Ingersoll for preparing these materials. Updated by Gary Streit in 2025

In addition to naming your beneficiaries in your Will, you should also nominate the person that you want to administer your estate (the “Executor”). The Executor is ultimately appointed by the court and is responsible for gathering all of your assets, paying your debts and expenses, and distributing the remaining assets to your beneficiaries. The Executor can be an individual or an appropriate entity, such as a bank. The Executor is entitled to a reasonable fee. Once the estate is closed, the Executor’s responsibilities are over.

If you have minor children, you may want to nominate a person to take care of your minor children (the “Guardian”). If the need arises, the Guardian will be responsible for your children’s physical care, health care, education, and general welfare. Although the actual Guardian will be appointed by the court, the court will take into consideration the person nominated within your Will to serve as Guardian.

If your named beneficiaries include children, you may want to establish a trust for their benefit. If you establish a trust in your Will, you will need to nominate a person to manage the assets in your trust (the “Trustee”). By establishing a trust for your minor beneficiaries, a conservatorship, discussed below, may be avoided.

The Will is not an ideal place for you to provide your preferred funeral arrangements. In most cases, the Will is not located until after the funeral arrangements have been made. Thus, you may want to let your family or friends know what arrangements you have made, pursuant to a prepaid funeral arrangement, or what type of arrangements you would prefer.

Can I change my Will?

Your Will does not “speak” until your death. This means that you can revoke your Will at any time prior to your death or incapacity. In general, it is best to revoke your Will through the execution of a new Will.

Where should I keep my Will?

You should keep your Will in a safe place. If you are going to keep your Will in a safe deposit box, you should make arrangements with your nominated Executor so that he or she can access the safety deposit box to retrieve your Will. If you would prefer, you can store your original Will at our offices. In that case, I will provide you with a copy of the original for your records.

How often should I update my Will?

At a minimum, you should review your Will every 3 to 5 years. Your Will should be updated to account for any changes to your beneficiaries or nominated Executors, Trustees, or Guardians. You should also review your Will following any changes to the federal estate tax.

What if I don't have a Will?

If you do not have a valid Will at the time of your death, the intestacy statutes within the Iowa Code will determine the persons that receive your probate property. If you are married at the time of your death and all of your children are also the children of your surviving spouse, all of your assets will be distributed to your surviving spouse. However, if you leave a surviving spouse and also have children from someone other than your surviving spouse, one-half of your assets will be distributed to your surviving spouse and the other one-half will be distributed to your children. If you are not married at the time of your death and do not have children, your assets will be distributed to the survivors of your parents, your siblings, or your nieces and nephews.

Do I need a Will?

Many people wonder if they need a Will. Here are several good reasons why you should consider making a Will:

With a Will, you choose who will receive your probate property. Without a Will, your property may pass under the laws of intestate succession to persons other than those you want to receive it.

With a Will, you can provide for the financial security or special needs of a disabled child or relative or provide a trust for your minor children.

With a Will, you choose the person or persons who will administer your estate or any trust established under your Will. If you do not have a Will, the Court will select an administrator to probate your estate.

With a Will, you can waive the requirement of a bond. Normally, persons appointed to serve as administrator or executors of an estate must post a bond, which is paid for out of the assets of the estate. However, you can waive the requirement for bond in your Will and thereby reduce the administrative expenses associated with the probate of your estate.

With a Will, you can nominate the person or persons to serve as Guardians and Conservators of your minor children and their property. Without a nomination in a Will, the Court will choose Guardians or Conservators for your children without direction from you.

With a Will, federal estate taxes may be minimized.

Final Disposition of Your Property - Trusts

Instead of using a Will to distribute your probate property, you may want to enter into a trust agreement that will direct the final disposition of your probate property.

What is a trust?

A trust is a written agreement between the person who owns the property (the “Grantor”) and the person who is responsible for managing and administering the property (the “Trustee”) for the benefit of others (the “Beneficiaries”). Once the trust agreement is in place, the Grantor transfers his or her property to the Trustee, to manage and administer the property in accordance with the terms of the trust agreement for the Beneficiaries.

A revocable trust (also known as a “Living Trust” or an “Inter Vivos Trust”) is a trust agreement, created by an individual during his or her lifetime, within which the Grantor retains the power to revoke the trust agreement. When a person is looking for a trust to serve as a “Will substitute”, the revocable trust is generally the type of trust agreement being considered.

How would my trust work?

It is likely that you would not only be the Grantor of your trust, but also would be the Trustee and the sole Beneficiary during your lifetime. To fund your trust, you would transfer your assets to the trust. During your lifetime, you, as Trustee, would administer the property subject to the trust agreement for your benefit. The trust agreement would allow you to distribute to yourself as much of the income generated by the property in the trust as you desire. In addition to having access to all of the income, you would also have the ability to remove the property from the trust. You would also have the power to revoke the trust at any time prior to your death or incapacity.

Upon your death or incapacity, the successor Trustee would begin to manage the trust property and the trust agreement would become irrevocable, meaning that it could not be altered without court approval. Prior to your death, the property subject to the trust agreement would be available for your use. Upon your death, the property would be distributed to your beneficiaries and the trust agreement would be terminated.

How would my trust be taxed?

The Internal Revenue Code contains special provisions relating to the taxation of revocable trusts. In general, the income from the trust is reported by the Grantor on the Grantor’s personal income tax return. As a result, the creation of a revocable trust should not change the way you prepare and file your income tax returns. You continue to use your social security number as the “tax identification number” for the income generated by the assets in the trust even though the assets are owned by the trust.

A common misconception is that the use of a revocable trust enables the Grantor to avoid death and income taxes that otherwise would be paid if the Grantor had utilized a Will. Use of a revocable trust rather than a Will in and of itself will not avoid death taxes or income taxes that

otherwise would have been incurred. However, with proper planning, both Wills and revocable trusts can be prepared to minimize the impact of death taxes and income taxes.

Who should be my Trustee?

The Trustee is the person or appropriate institution (e.g., a bank trust department) nominated in a trust agreement that is responsible for administering the property in the trust. This includes managing the trust assets and making distributions to the beneficiaries. The Trustee should be dependable and capable of handling financial matters. A business background may be helpful, but is not required. Many banks have trust departments that provide trustee services for a fee. Generally, the Grantor of the trust serves as the initial Trustee and continues to serve until he or she becomes physically or mentally unable to.

How would I fund my trust?

In addition to creating and signing the revocable trust agreement, you must re-title your assets into the name of your revocable trust in order to “fund” the trust. A trust agreement only controls the assets that are actually transferred into your trust. Assets can be transferred to the revocable trust when the trust is established or at any later time. Real estate should be transferred into the name of the revocable trust using a deed that is signed and then recorded with the county recorder. For example, Mary Jones would transfer her personal residence into her revocable trust using a deed that transfers title to “*Mary B. Jones, Trustee of the Mary B. Jones Revocable Trust, dated April 11, 2013.*” Similarly, investments, cash accounts and certificates of deposit should have the account name changed to indicate that the revocable trust is the owner. Transferring personal property may require less formal steps. Life insurance, annuities, and retirement plan accounts transfer benefits at your death in accordance with the “beneficiary designation” forms that you are required to complete. These forms can be completed so that the benefits are paid to your revocable trust or directly to your beneficiaries.

Why would I want to use a Trust?

A revocable trust is often viewed as a preferable alternative to a Will. Some of the advantages of a revocable trust as compared to Wills are as follows.

A revocable trust is more private than a Will. Under state law, your Will would likely be admitted to “probate” after you die so that the terms of your Will can be administered. “Probate” refers to a state’s court-administered process that (i) verifies the validity of a Will, (ii) provides a forum for beneficiaries who may want to challenge the validity of a Will, (iii) resolves possible claims by creditors of the decedent, and (iv) monitors the activities of the Executor of the estate in distributing the assets of the estate to its beneficiaries. As a result of probate, your Will and an inventory of your assets become part of the court records that can be inspected by the public upon request. In contrast, your revocable trust would be administered by your Trustee without court involvement.

A revocable trust may be less costly to administer following your death. The probate process, referred to above, results in Executor fees, attorney fees, and court costs. Because the court may

not be involved in the administration your trust, court costs can be avoided. In addition, the attorney fees may be less because some of the documents required to be filed with the court in probate are not required in administering a trust. Although these expenses may be saved on the administration of the trust, it is often more expensive on the front end to establish a trust. As mentioned above, in addition to drafting the trust agreement, the Grantor must also transfer the Grantor's assets into the trust. If real estate is involved, this may require abstracts to be extended and will require deeds to be prepared and recorded.

A revocable trust can help you avoid probate proceedings in other states. If you own real estate in another state, you are generally required to have an ancillary probate estate opened in each state. If the real estate is owned by your trust, there may be no need for an ancillary probate estate as the trustee will have the authority to convey the real estate to your intended beneficiaries.

A revocable trust allows you to plan for incapacity. By naming a successor Trustee, you will have a person to take care of your property should you become unable to do so. In this manner, a revocable trust is similar to a durable General Power of Attorney, discussed below.

What is a "pour-over" Will?

Even if you use a trust agreement as a Will substitute, you should still sign a "pour-over" Will. A "pour-over" Will is a special Will used to supplement a revocable trust that was intended to serve as a Will substitute. The purpose of the pour-over Will is to transfer any probate property that you own at your death to the trustee of your revocable trust. If all of your probate property is transferred to your trust prior to your death, the pour-over Will will not be needed.

Death Taxes

Depending upon the size of your estate, your estate may be subject to the federal estate tax and the federal generation skipping transfer tax. In addition, your estate may be subject to the Iowa inheritance tax. If you have property in another state, you may be subject to any death taxes imposed by that state as well.

What is the federal estate tax?

The federal estate tax is an excise tax that is imposed upon the value of your taxable estate. To compute your taxable estate, you must determine the fair market value of all of your assets. Your assets include those assets that you own in your individual name, in your revocable trust, or jointly with someone else. This would include the value of any life insurance policies that you own and any annuities, IRAs, pensions, or other retirement plans. From the total value of your assets, you get to deduct your debts, administration expenses, distributions to charity and distributions to your spouse (the "marital deduction"). In addition, each person is entitled to an "exemption amount". The exemption amount is the amount of assets that a person can own at the time of his or her death without incurring any estate taxes. Starting in 2026, the exemption amount is \$15,000,000. Thus, persons who die in 2023 with \$15,000,000 or less will not be subject to the federal estate tax. If your taxable estate exceeds the exemption amount, the excess

will be taxed at a top marginal rate of 40% . Thus, persons who die in 2026 with a taxable estate of \$16,000,000 may be liable for estate taxes of \$400,000 $((\$16,000,000 - \$15,000,000) 40\%)$.

If a married person dies with a taxable estate that is less than the exemption amount, the surviving spouse may elect to carry over the difference between the value of the estate of the first spouse and the exemption amount for his or her own benefit. This is referred to as “portability”. For example, if you were to die in 2026 with a taxable estate of \$10,000,000, your surviving spouse may be able to increase his or her exemption amount by \$5,000,000.00 $(\$15,000,000 - \$10,000,000)$. As a result, your spouse would have an exemption amount of \$20,000,000 $(\$15,000,000 + \$5,000,000)$ if he or she were also to die in 2026.

What does a tax efficient plan look like?

For a married couple, it is generally unnecessary for any estate tax to be paid upon the death of the first spouse. In order to accomplish this, each spouse should have a Will or revocable trust that provides for his or her entire estate to pass to their surviving spouse. This bequest can be outright or in trust. This approach will maximize the use of the available exemptions of both spouses, and will also allow for the maximum amount of assets to receive a “step up” in basis after both spouses are deceased.

How is the estate tax paid?

If your estate is subject to the estate tax, your Executor will be required to file an estate tax return on or before the date that is 9 months following your date of death. Any tax that is owed with the estate tax return is paid from the residuary assets in your estate at the time that the return is filed.

What is the generation skipping transfer tax?

The generation skipping transfer tax is an excise tax on the value of assets transferred from a person to a skip person (a grandchild, for example). This tax is in addition to the federal estate tax. The purpose of the generation skipping transfer tax is to prevent a family from minimizing the impact of the federal estate tax by passing the family assets from the parent to the grandchild, thereby removing the assets from the child’s estate. The generation skipping transfer tax is similar to the federal estate tax as it too has an exemption amount that can pass tax free. In 2026, the exemption amount is \$15,000,000. Thus, a grandparent can pass up to \$15,000,000 to his or her grandchildren without incurring any generation skipping transfer tax. The generation skipping transfer tax rate is 40%.

Iowa Inheritance Tax and Estate Tax.

Iowa no longer has either an inheritance tax or an estate tax

Gift Taxes

The gift tax is a tax imposed upon the person making a gift of money or property to another person. The purpose of the gift tax is to prevent people from gifting all of his or her property prior to his or her death to avoid the federal estate or income taxes.

The gift tax is similar to the federal estate tax as it too has an exemption amount. In 2026, the lifetime exemption amount is \$15,000,000. This means that, pursuant to the 2023 laws, any person can gift up to \$15,000,000 in assets during his or her lifetime without incurring any gift tax. The gift tax exemption and the estate tax exemption are “unified”, meaning that the portion of the exemption amount you use for purposes of the gift tax will be subtracted from the exemption amount that is available at your death.

In addition to the lifetime exemption amount, there is an annual exclusion amount. In 2026, the annual exclusion amount is \$19,000. This means that you can gift up to \$19,000 each year to any number of persons (each child and his or her spouse) without incurring any gift tax and without using up any of your lifetime exemption amount.

Transfers between spouses are exempt from gift taxes. Also, gifts for education or medical expenses when paid directly to the educational institution or medical provider are exempt from gift taxes.

If you make a gift to any person, other than your spouse, in excess of the annual exclusion amount, you are required to file a gift tax return. The return is filed on a calendar year basis and is due by April 15 of the year following the gift. If you have made taxable gifts in excess of the lifetime exemption amount, you will be responsible for any gift tax that is owed. The beneficiary of the gift is not liable for the tax.

Planning for Incapacity

There may come a time when you are unable to care for personal or financial affairs. If such a time comes, you will need someone to take of your affairs for you. While you are able, you may appoint someone (an “Agent”) to care for you if the need should arise. If you are unable to appoint someone to care for you, a person may petition the court to have the court appoint someone (a “Guardian” or “Conservator”) to care for you and your property.

How do I appoint an Agent?

A person names an Agent by executing a Power of Attorney. A Power of Attorney is a written document. In addition to naming the Agent, the Power of Attorney should also include the areas within which the Agent has authority to act on your behalf. For example, you may want your Power of Attorney to state that your Agent has the authority to write checks on your behalf. The Power of Attorney should be signed, dated, and notarized.

In addition to executing a Power of Attorney, the Power of Attorney must be delivered by you to your Agent. If you are giving your Agent the authority to deal with real estate, and should that need ever arise, the Power of Attorney will need to be recorded with the county recorder.

Are the different kinds of Powers of Attorney?

There are many different types of Powers of Attorney. The two most common Powers of Attorney include a General Power of Attorney and a Health Care Power of Attorney.

What is a General Power of Attorney?

A General Power of Attorney authorizes your Agent to manage your financial affairs. The authorities granted to your Agent would likely include the ability i) to open, maintain, and close bank and investment accounts, ii) to pay your bills, iii) to purchase insurance, iv) to sell or mortgage real estate, v) to file your income tax returns and vi) to access your safe deposit box. It is also common for your Agent to have the authority to make gifts to your children and grandchildren consistent with your past practices. You may also want to grant your Agent the ability to utilize trust planning for your estate.

The General Power of Attorney grants your Agent a wide range of authority providing them flexibility to carry out your financial affairs. This is intentional as it is important to give your Agent the ability to do what you would do under the circumstances. However, the benefits associated with flexibility have to be balanced with the cost of having a disreputable Agent. If you do not have a person with whom you can trust to have the authority granted under a General Power of Attorney, you may want to consider establishing a conservatorship, as discussed below.

What is a Health Care Power of Attorney?

A Health Care Power of Attorney authorizes your Agent to make decisions about your health care if you are unable to do so. The authority provided to your Agent under a Health Care Power of Attorney includes the authority to consent to, refuse, and withdraw the consent to health care. Health care includes any care, treatment, service or procedure the purpose of which is to maintain, diagnose or treat an individual's physical or mental condition. Your Agent is required to act consistent with your wishes, if known. If your wishes are not known, your Agent is required to act in your best interest.

Who should I name as my Agent?

You should name a person that you trust as your Agent. Because you need your Agent to have the authority to do what you would do if you were able, the powers granted to your Agent in the Power of Attorney will be broad. Thus, it is imperative that you name someone you trust. In addition to naming someone you trust, your Agent should be able to carry out the powers granted to him or her. For example, if you are naming an Agent to take care of your financial affairs, you may want to nominate a person with a financial background.

In general, it is recommended that you name one Agent. If you name multiple Agents, the Agents must generally act in concert. This can be problematic if there is a disagreement between the Agents. Even if the Agents are in agreement, this can be inconvenient if only one Agent is available. If the Power of Attorney grants each Agent to act independently, it may be that the Agents take inconsistent actions.

You should name a successor Agent in case your primary agent is unable or unwilling to serve. If the primary Agent is unable to unwilling to serve, the successor Agent would then have the same authorities that you granted to your primary Agent.

How long does a Power of Attorney last?

The authority of the Agent generally terminates automatically upon your death or incapacity. However, when planning for incapacity, special language should be included within the Power of Attorney to make it “durable”. When a Power of Attorney is durable, the authority of your Agent to act on your behalf does not terminate upon your incapacity. In fact, it is common for a “durable” Power of Attorney to become effective only upon your incapacity (a “Springing Power of Attorney”). Thus, while you are able to make your own decisions, the durable Power of Attorney will generally not be in effect. It is only after a physician certifies that you are unable to make your own financial decisions that the Agent nominated under your durable Power of Attorney can act on your behalf.

While you are able, you can revoke your Power of Attorney at any time. Your Durable Power of Attorney should be revoked in writing. The written revocation should be provided to all persons whom you believe may rely upon your Durable Power of Attorney. If the Durable Power of Attorney was recorder for real estate purposes, the written revocation should also be recorded.

You can revoke your Health Care Power of Attorney at any time and in any manner by which you are able to communicate your revocation. The communication should be made to the attorney-in-fact. However, you may effectively revoke the power of attorney by communicating your intent to the health care provider.

Why should I have a Power of Attorney?

If a person becomes incapable of taking care of their financial affairs without a Power of Attorney in place, the law provides that the court can appoint a person (a “Conservator”) to manage such person’s financial affairs. The process by which a Conservator is appointed is time consuming and costly, when compared to a Durable Power of Attorney. In addition, while an Agent nominated under the Power of Attorney can conduct business without court oversight, a Conservator is subject to ongoing court oversight.

What is a Declaration Relating to Use of Life-Sustaining Procedures?

A “Declaration Relating to Use of Life-Sustaining Procedures” or “Living Will” is a document within which you indicate whether you wish to have life-sustaining procedures (e.g.,

respirators, etc.) and nutrition and hydration (if provided through a tube) if you suffer from a terminal condition. A Declaration can be a stand alone document, or you can incorporate it into your Power of Attorney for Health Care. Instead of the directive, you may grant your agent under a Health Care Power of Attorney the authority to make decisions regarding the use of life-sustaining procedures in the event you suffer from a terminal condition.

Guardianships and Conservatorships

If you do not have an appropriate Power of Attorney in place, state law provides means for the court to appoint a person to take care of you (a “Guardian”) and your property (a “Conservator”).

What is a guardianship?

A guardianship is the court proceeding in which a person is appointed to serve as the Guardian of another. The Guardian is responsible for taking physical care of the person whom the Guardian has been appointed for. For example, if one of your children was named as your Guardian, this child would be responsible for your physical well being. Your child would be required to file regular reports with the court. These reports would indicate your current physical condition, describe your living arrangements, and provide details about your medical care.

What is a conservatorship?

A conservatorship is the court proceeding in which a person is appointed to serve as the Conservator of another. The Conservator is responsible for taking care of the property of the person whom the Conservator has been appointed for. For example, if one of your children was named as your Conservator, your child would be responsible for gathering your assets, maintaining and investing the assets, and distributing the assets for your benefit. Your child would be required to file regular reports with the court. These reports would include the value of your assets, an estimate of your income, and a strategy for the investment of your assets.

What are the disadvantages of a guardianship and conservatorship?

Guardianship and conservatorships are cumbersome and expensive proceedings. Normally, the person seeking the appointment of a Guardian or Conservator for the proposed ward will be represented by counsel, the proposed ward will likely be represented as well and, in some cases a guardian ad litem may be appointed to advise the court of the best interests of the proposed ward. Once a guardian or conservator is appointed, they are required to file reports on a regular basis with the court. These reports are public record and add additional expenses. Finally, with exception for the limited powers that may be exercised by Guardians and Conservators without court approval, Guardians and Conservators must get prior court permission for most of the actions the Guardian or Conservator may wish to take. All of these items take time and money.

Information to Gather

BASIC PERSONAL INFORMATION FORM - ESTATE PLANNING

Date Prepared: _____ Prepared By: _____

Husband / Wife Information:

Husband Name: _____

Wife Name: _____

Birth Date: _____

Birth Date: _____

Occupation / Employer: _____

Occupation / Employer: _____

Address: _____

Preferred Phone Number: _____ (home / work)

Other Phone Number: _____ (home / work)

Email Address: _____

Children:

Name	Address and phone number (if different)	Birth Date
_____	_____ _____ Phone: _____	_____
_____	_____ _____ Phone: _____	_____
_____	_____ _____ Phone: _____	_____
_____	_____ _____ Phone: _____	_____

Other Information: _____

EXECUTOR, TRUSTEE, GUARDIAN, AND AGENT CHOICES

Date Prepared: _____ Prepared By: _____

Husband's Choices

Wife's Choices

Executor:

First Choice:

Name(s): _____

City/State: _____

Alternate Choice:

Name(s): _____

City/State: _____

Trustee:

First Choice:

Name(s): _____

City/State: _____

Alternate Choice:

Name(s): _____

City/State: _____

Guardian:

First Choice:

Name(s): _____

City/State: _____

Alternate Choice:

Name(s): _____

City/State: _____

Agent Under Power of Attorney:

Husband's Choices

Wife's Choices

First Choice:

Name(s): _____

Address: _____

City/State: _____

Phone #: _____

Alternate Choice:

Name(s): _____

Address: _____

City/State: _____

Phone #: _____

Agent Under Health Care Power of Power of Attorney:

Husband's Choices

Wife's Choices

First Choice:

Name(s): _____

Address: _____

City/State: _____

Phone #: _____

Relation: _____

Alternate Choice:

Name(s): _____

Address: _____

City/State: _____

Phone #: _____

Relation: _____

FINANCIAL INFORMATION FORM - ESTATE PLANNING

Date Prepared: _____ **Prepared By:** _____

Assets:

	<u>Husband</u>	<u>Wife</u>	<u>Joint</u>
Checking Accounts	_____	_____	_____
Savings / CD's / Money Market	_____	_____	_____
Investments (stocks, mutual funds, etc.):	_____	_____	_____
Personal Residence	_____	_____	_____
Other Real Estate	_____	_____	_____
Vehicles	_____	_____	_____
Personal Property (jewelry, furnishings)	_____	_____	_____
Other Assets	_____	_____	_____
Estimated debt (including mortgage)	_____	_____	_____

Retirement Accounts (IRAs, 401k, etc.):

Account Name	Account Owner	Primary Beneficiary	Contingent Beneficiary	Value
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Life Insurance:

Insurance Co.	Policy No.	Insured's Name	Primary Beneficiary	Contingent Beneficiary	Value
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

Disclaimer: The information contained in this Estate Planning Guide is not, in and of itself, legal advice and is not a substitute for an attorney. Rather, this Estate Planning Guide provides general information on legal issues commonly encountered. You should consult an attorney to help you with your estate plan.

IRS Circular 230 Disclosure: To ensure compliance with requirements imposed by the IRS, you are hereby informed that any U.S. federal tax advice contained in this communication is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code, or (2) promoting, marketing or recommending to another party any transaction or matter addressed herein or in any attachment hereto.