



Gifts in the Form of a Bequest

Bequests are gifts that are made as part of a will or trust. A bequest can be to a person, or it can be a charitable bequest to a nonprofit organization, trust or foundation.

Anyone can make a bequest - in any amount - to an individual or charity. Bequests can be made simple - "I give \$1,000 to my grandson" - or complex, with conditions about how they are to be used.

There are Different Ways that Bequests Operate.

1. To make a bequest, you need to leave instructions, typically in a will. Other documents, such as beneficiary designations and revocable living trusts, may also be part of how your estate plan is managed after your death. You can detail different types of bequests in your will and update it throughout your life as your family, priorities and wishes evolve.
2. For property to be passed on after you pass away and bequests made, your will must first be "probated" or legally validated. Many states have improved the probate process, making it less expensive and faster.

If you have no will to specify your instructions, state law dictates where your property passes. Generally, this would be first to a surviving spouse, then to your children and other family in accordance with state law. If you don't leave a will and don't have any living relatives, your estate, depending on where you live, could go to the state.

Types of Bequests.

- **General bequests:** Gifts of property taken from an estate's general assets.
- **Demonstrative bequests:** Gifts that come from an explicit source (such as a particular bank account).
- **Specific bequests:** Gifts of property, like a painting, jewelry, car or cash (e.g., \$10,000 to my great nephew's cousin).
- **Residuary gifts:** Gifts made after all of the debts and expenses are paid, and other bequests are made. These are typically a percentage of the remainder; in some cases a share (e.g., three shares of 32 total shares).

Charitable bequests can fall into any of these four categories. One common approach is to leave specific or demonstrative bequests to family members or other individuals and then leave a residuary charitable bequest to a charitable organization. These bequests can be directed to private foundations and charities that sponsor a donor-advised fund program, allowing the bequest to become an ongoing means of charitable support. That way, the individuals get exactly the amount or items you want to leave them, and the charity gets funds that remain.

Separate from a will, you can designate residuary gifts from an insurance policy or annuity, where the policy holder receives benefits during their lifetime and then gives the remainder of the policy benefits to family, friends and/or charitable recipients.

As always please consult your attorney and financial planner for the proper gift that fits your needs.

(Source: FidelityCharitable.org)