ISSUE IX • SPRING 2014

ENDOW

THE QUARTERLY NEWSLETTER OF THE *Covenant College Foundation*

***en•dow** verb 1. to provide with a permanent fund or source of income.*

Getting started. It is both one of the easiest and most difficult things we all struggle with on a regular basis. Mark Twain said, "The secret to getting ahead is getting started." Author Alan Cohen said, "You shouldn't wait for perfect timing to get started; getting started creates perfect timing."

That's all well and good for motivational speaking, but there are often things in life that seem daunting or overwhelming or that we would just rather not deal with. Some of these things are just plain out of our comfort zone. Cohen has a pithy quote for this as well: "Do not resist events that move you out of your comfort zone, especially when your comfort zone was not all that comfortable."

My work with folks on their estate planning has clearly shown me that this is one of those areas that cause people to stall out, even though they would really like to have it done. We know as stewards of God's resources that we are called to be faithful and we have not been given an exception when it comes to our planning.

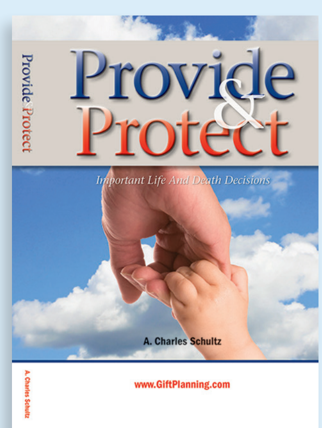
In my own experience with assisting others, the overwhelming impression is that estate planning will be an exhaustive process full of uncomfortable questions and a lot of information they won't understand. However, once folks just get started, they consistently find the process to be much easier, less intimidating, less confusing, and shorter than they imagined. This is always followed by great relief and peace when they have completed their planning.

I universally hear, "We really should have done this sooner" and "I'm really glad we got this done." So, as God's stewards, I invite you to just get started. I am confident you'll be glad you did.

Marc Erickson, CFP®
Class of 1992
Executive Director
Covenant College Foundation

PROVIDE & PROTECT

Looking for a good, simplified financial planning reference? *Provide & Protect* covers many topics, including family issues, healthcare, retirement, wills, trusts and lifetime giving. Forty-four topics are covered in just 270 pages. The chapters are four to six pages long and include a short quiz with answers for review. You can read it straight through or use it as a reference to pick and choose topics as you need them. Please let us know if you would like a free copy. Call the Covenant College Foundation office at 706.419.1601 or e-mail linda.moore@covenant.edu to have a copy sent today.



Part II

What Is Probate... And How Does It Relate to My property?

by Timothy A. Rowe, Esq.

UNDERSTANDING THE DIFFERENCE BETWEEN PROBATE PROPERTY AND NON-PROBATE PROPERTY CAN BE THE DIFFERENCE BETWEEN YOUR WISHES BEING SATISFIED AT THE TIME OF YOUR DEATH AND HAVING UNINTENDED CONSEQUENCES THWART YOUR EFFORTS, POSSIBLY CREATING DISCORD AMONG YOUR FAMILY OR LOVED ONES. The rule to remember is that your will has no control over the passing of non-probate property.

Probate property is administered under the court-supervised probate process discussed in the last issue of *ENDOW.* It generally consists of things like individual financial accounts, household furnishings, personal effects, vehicles, and sometimes real estate.

Non-probate property is property that passes immediately at the time of your death according to some contract that you entered into during your lifetime. It consists of things like jointly owned financial accounts and pay-on-death accounts. Examples include trusts, life insurance, annuities, and retirement accounts. These types of property are all controlled by signed contracts that include provisions stating who will receive the property at your death. There are instances in which property that would normally fall on one list is actually on the other depending on the state in which you live, and there are ways to convert property from one type to the other.

Let us look at a common scenario. Mary is a recent widow with two adult children. Mary's will says that all of her property should be split equally between her two children. One of Mary's children helps her pay her bills, so Mary adds that child to her bank account. Mary's other child lives farther away and is not as involved in her affairs but is more financially astute, so she adds that child to her investment account to help manage the investments.

What happens with Mary's property when she passes away? The bank account and investment account automatically pass to whichever child is named on the account and the other child is excluded. This could cause strife between the two children because the investment account is quite valuable but the bank account only contains enough for the month's bills. Were Mary's wishes achieved? Did her children each receiving fifty percent of the value? No.

Knowing how each item of property will pass at your death and organizing your estate plan accordingly is essential to ensuring that your property actually passes pursuant to your wishes. Your state may characterize certain property differently than another state, so it is important that you seek advice specific to your state and circumstances.

Tim Rowe graduated from Covenant College in 2002. He practiced law in Chattanooga, Tennessee, before joining the National Christian Foundation in Atlanta, Georgia, as a gift planning associate. The opinions expressed in this article are those of the author alone. Nothing in this article shall be construed as legal advice or create an attorney/client relationship between the reader and the author.

FAST FACTS ABOUT COVENANT COLLEGE'S CENTER FOR CALLING & CAREER (CCC)

Offers students numerous workshops for vocational calling, resume development, interviewing skills, LifeKit events, and faculty calling luncheons.

Coordinates the annual Seed Project entrepreneurship competition, awarding $10,000 in seed capital.

Hosts close to fifty recruiters yearly on campus from various corporations, small businesses, non-profits, and fellowship programs.

Organized a mock interview event where twenty-six community guests interviewed Covenant juniors and seniors and participated in a panel discussion.

Heritage Society Member Spotlight

E. Allen Duble ’58

E. Allen Duble, former vice president of development for Covenant College, went home to heaven on March 31, 2014. After serving as vice president of development at Covenant College, Mr. Duble held a similar post at Covenant Theological Seminary in St. Louis. Along the way, he served as a consultant to many Christian ministries. During his retirement years, he continued to work to advance Covenant College, an institution he adored because of its mission to equip young people for extraordinary callings in ordinary places in the kingdom. A favorite story Allen often related was about visiting Paul Carter, the builder of the Lookout Mountain Hotel and namesake of Covenant’s flagship building. A while back, Allen was asked to share the story with the Covenant community. To thank the Lord for the life of Allen Duble and to honor his memory, we invite you to watch this video at **covenant.edu/AllenDuble**.

Part II

What Is a Revocable Living Trust?

by Beth Anderson Nedelisky , CFP®

THE PREVIOUS ARTICLE IN THIS SERIES REVIEWED HOW A LIVING TRUST WORKS AND CAN ASSIST YOU DURING YOUR LIFETIME. In this article, we’ll review how a living trust can help your loved ones after you die.

Provides for the seamless management of your assets after your death. A key feature of a trust is that it can go on living after you do. At your death, your appointed successor trustee can step in and manage or distribute the assets inside your trust, without the court’s involvement.

Simplifies your will and gains greater protection from legal challenges. This should simplify the work of your will. At your death, your will serves mainly to transfer assets into your trust where your trustee can oversee everything. A living trust is generally considered more difficult to challenge in court than a will.

Holds assets inherited by young heirs. Without a trust, young heirs receive full control of their inheritance (typically at age eighteen) and the court may require annual accountings until then. By creating a trust, annual accountings to the court (which cost time and money) can be eliminated and you can require that any young beneficiary have their share held “in trust” until a specific age.

Simplifies the transfer of your life insurance policies. You can name your trust as the beneficiary of your insurance policies to simplify the payout and management of the proceeds. This can streamline the transfer process and ensure that proceeds are distributed in the way you wish.

Reduces probate costs. “Probate” is the court’s process for the orderly distribution of your assets after your death. If your heirs inherit property via your will, the court will have to oversee the distribution of those assets, whereas assets held in trust are not subject to probate. By simply transferring assets into a trust during your lifetime, you can save your heirs the court’s probate fees.

Eliminates the need for ancillary probate. Owning real estate in multiple states may require your executor to go through probate in more than one state—called “ancillary probate.” However, by transferring the ownership of your homes to your trust, ancillary probate in a second location is avoided.

Provides privacy. When you die, your will becomes a public document kept on file by the court. Not so with a trust. If you place a high value on privacy, a living trust can aid you in keeping the details of your estate out of the public eye.

A living trust can perform a host of useful functions when it serves as part of a well-drafted estate plan. At your next estate planning review, ask your advisor whether it might be a useful part of your plan.

Beth Anderson Nedelisky, CFP®, graduated from Covenant College in 2003 and is a wealth manager at Marotta Wealth Management, Inc. in Charlottesville, Virginia. Prior to joining the firm in 2005, Beth served as interim director of admissions for Covenant College. She has co-authored more than thirty articles on various financial planning topics, including estate planning and real estate.