

Glossary & Common Estate Planning Questions



Table of Contents

- 01 Glossary A-CL
- 02 Glossary Co-N
- 03 Glossary P-U

Common Estate Planning Questions:

- 04 Updating Your Will
- 04 When and Why to Create a Will
- 05 What to Donate
- 06 Working With Mass Audubon
- 06 Contact Information



Glossary

Administrator - Appointed through the probate process to manage your estate if you do not have a will. They may be a surviving spouse or family member, but you do not get to choose.

Annuity - A contract that guarantees a fixed stream of income paid periodically (annually, quarterly, or monthly) to someone for their lifetime from a previously established gift or trust. Additional contributions to the principal are not allowed.

Appreciated Assets - Assets such as stocks or property that are worth more than their original cost.

Beneficiary - The person or organization that will receive a gift or asset.

Beneficiary Designation - Naming a person or organization as the beneficiary of an asset such as life insurance or retirement. See our [fact sheet](#) on Beneficiary Designation.

Bequest - A gift made through a will or trust.

Capital Gains Taxes - Taxes that must be paid on the gain on an asset when it is sold.

CGA / Charitable Gift Annuity - A contract between a charitable organization and a donor in which a donor makes a gift to a charity, the charity pays a regular income to the donor or another named beneficiary for their lifetime and at the end of the term, the charity receives the residual value of the gift. See our [fact sheet](#) on CGAs.

Charitable Bargain Sale - The sale of real estate or other real property to a charitable organization at a price lower than market value.

CLT / Charitable Lead Trust - A trust created in agreement with a charitable organization in which the charitable organization is paid a periodic income from the trust for a set term, which could be a period of years or the lifetime of one or more individuals. At the end of the term, the remainder of the trust reverts to the donor or a chosen beneficiary. See our [fact sheet](#) on Trusts.

Codicil – A legal document that acts as an update, correction, or addendum to a will. Must be signed by two witnesses, and should reference the specific article(s) in your will that are being altered or updated.

Conservation Legacy Agreement – An agreement between Mass Audubon and a donor who holds land neighboring a sanctuary, which creates a lien on the property such that a small percentage of the proceeds of any future sales of the property support the sanctuary. See our [fact sheet](#) on CLAs.

Conservation Restriction – A recorded property deed agreement written by an environmental organization and a donor of conservable land in which any the current and future owners of the property are restricted for further development of that property. See [our website](#) for more information.

CRT / Charitable Remainder Trust – A trust in which the donor or named beneficiary is paid an annual income from the trust. The remainder of the trust passes to the charitable organization at the end of a term of years or a lifetime. See our [fact sheet](#) on Trusts.

DAF / Donor Advised Fund – Much like a charitable checking account, a DAF is a fund managed by a public charity whereby an individual makes a donation for an immediate tax deduction and may recommend grants of specified amounts be made to other 501(c)3 charities at their discretion.

Decedent – The person who has passed away and whose estate is being distributed.

Deferred vs. Planned vs. Legacy Gift – These terms are often used interchangeably.

Durable Power of Attorney – Naming someone to make financial decisions for you in the event that you are not able to do so. A legally binding document, durable power of attorney protects you and your property and enables the appointed person to add their name to your accounts and act on your behalf.

Estate – All of the property, assets, and belongings of someone at the time of their death.

Estate Tax – A federal or state tax that is may be due when someone passes away, based on the value of their property and holdings. It is paid through the estate itself and is part of the process of settling that estate.

Executor – The person named in someone’s will who has been appointed to manage and administer their estate. A more contemporary synonym for an Executor is a “Personal Representative.”

Fiduciary/Trustee – A person acting on behalf of someone else to manage their property or assets. A trustee must place the interests of the person they are representing above their own.

House to Habitat – A Mass Audubon program in which a donor gives developed real estate as a charitable gift, and Mass Audubon sells the property. The proceeds are then used to fund land protection. See our [fact sheet](#) on House to Habitat.

Inheritance Tax – A tax paid in six states (Massachusetts is not among them) when someone passes away, based on the value of their inheritance. It is paid for by the beneficiaries of the decedent’s will.

Intestacy/Intestate – The circumstances in which one dies without having a will. Intestacy laws vary from state to state. If someone does not have a will, while their estate is in probate it will be divided and distributed based on the state’s succession laws.

Living Trust – A trust that holds and manages your property during your lifetime. You or your chosen trustee may own, manage, and control these assets and may move them in and out of the trust when you choose. Property within the trust is taxable to you.

Non-Cash Asset – An asset other than cash. These include liquid and non-liquid asset such as stocks and bonds, as well as tangible assets like real estate and personal property, and policies like life insurance.

Non-Probate Assets – Assets that can pass directly to an heir or beneficiary without passing through probate court first. These may include property placed in a trust, bank accounts where a transfer on death beneficiary has been named, retirement

and insurance accounts, and jointly-owned assets.

Personal Property – Tangible assets other than real estate, such as jewelry, art, heirlooms, business interests, and more.

PIF / Pooled Income Fund – A form of charitable trust in which a sponsoring charity pools gifts from many donors, and that combined gift is invested as one Fund. During the donor's lifetime, the income from the investments is distributed proportionally to the original donors' gifts. At the death of a donor, the residual value of their gift is distributed to charity in accordance with the gift agreement.

Principal – The initial asset (cash, stocks, etc.) placed into a trust or account. Anything earned from the account is income; the principal is the initial value.

Probate/Probate Court – The legal process by which the validity of a will is determined and in which assets are distributed according to its beneficiaries. Some assets fall outside probate: see [Non-Probate Assets](#).

QCD / Qualified Charitable Distribution – A non-taxable distribution from a Roth or IRA retirement account directly to a charitable organization rather than to the holder of the account. See **Real Property** – Another way of saying “land and real estate.”

Retained Life Estate – An agreement between a donor and a nonprofit that is recorded at the Registry of Deeds. A donor makes a tax-deductible

gift of their home to a nonprofit organization like Mass Audubon, but continues to live and pay property costs there for the rest of their life or until they choose to move. When the donor leaves or passes away, the land and the residence then revert to the nonprofit.

Revocable vs. Irrevocable – Used in the context of gifts and trusts, whether something is revocable or irrevocable indicates whether or not it can be rescinded or altered. For example, a gift through a will is revocable (can be altered or removed entirely) until a donor passes away; at the individual's death, the will becomes irrevocable because it can no longer be changed.

RMD / Required Minimum Distribution – The amount of money that must be distributed from a (non-Roth) IRA each year, beginning in the year its owner reaches 73 years old. A QCD may reduce or eliminate one's RMD: see [QCD](#).

Trust – A legal entity in which assets are held and managed for one or more parties (such as the original donor and other possible beneficiaries) by a Trustee. The Trustee is often a third party, but can be the original owner of the assets.

Unitrust – A trust in which the income beneficiary (the person or organization receiving regular payment during the term of the trust) is paid a percentage of the trust's overall value rather than a fixed amount from the principal. This type of trust also allows additional contributions over the life of the Trust.



Common Estate Planning Questions



How Often Should I Update My Will?

In general, you should update your will or estate plan every 3-5 years, or whenever you experience a major life event. Major life events include having or adopting a child, getting married or divorced, a beneficiary or your personal representative passing away, the inheritance or building of new assets, and more.

Do I Need an Attorney?

While legally you don't need an attorney to create a will, estate law can be complicated, and an estate lawyer will be able to help you avoid common pitfalls, mediate disagreements, and serve as a witness. Mass Audubon is happy to act as a sounding board regarding your plans, but we are not a legal organization and cannot offer legal advice.

Do I Need to Rewrite My Will to Give an Estate Gift to Mass Audubon?

You do not. You can easily update your will using a codicil, which allows you to make addendums to your will without editing the will itself. Writing a codicil does not require an attorney or notary, but it must be signed in the presence of at least two witnesses.

When Should I Create a Will?

Am I too Young?

Anyone over the age of 18 can create a will; certainly if you have children or own property, you're not too young to make a will. By having a will in place you will make the handling of your estate easier and less stressful for those left behind. A will makes your wishes clear and prevents disputes because no one has to guess

at your intentions. Furthermore, you can grant someone Power of Attorney and establish a healthcare proxy with your will, allowing you to ensure that both you and your dependents are cared for in the event of illness or accident.

Isn't it Easier to Just Leave Everything to My Spouse?

There are many reasons to create an estate plan that doesn't rely on one person. In the event that you and your spouse pass away at the same time, a will leaving everything to that individual could be rendered invalid. If you have dependents, they may be placed in legal limbo until your will exits probate. Consider your goals and legacy when deciding who will inherit; you may decide that it's helpful for you and your loved ones to have a contingency plan, or that you want to include additional people or causes you care about in your plan.

How Can I Make Sure My Loved Ones Aren't Left with Significant Estate Taxes?

Tax law for different gift types varies, and different planned gifts are better for different tax situations.

- **Gifts that May Remove Taxable Assets from Your Estate:** Retained Life Interest, CGAs, CRTs, CLTs
- **Gifts that are Estate Tax Exempt:** Outright bequests, Life Insurance
- **Gifts that May Reduce Income Tax for You or Your Heirs:** Retirement Plans, Retained Life Interest, CGAs, CRTs
- **Gifts that May Reduce Capital Gains Tax:** Retained Life Interest, CGAs, CRTs, some CLTs
- We encourage you to speak with your advisors for specific legal and tax advice for all gift types.

What Kinds of Gifts does Mass Audubon Accept?

Mass Audubon is always thankful for your generosity, and we want to help you fulfill your estate plans to the best of our ability. Some gifts, such as gifts of land, can be complicated, and should be planned carefully with the input of Mass Audubon and a lawyer or estate administrator. Other gifts, especially of personal property, may have greater benefits or significance to some nonprofits than others: for instance, if you donate a trolley or a glass-blowing furnace to Mass Audubon, we would most likely have to sell them, but if you donate your trolley to a transportation museum and your furnace to an art school, they could benefit directly. There are also specific tax benefits for donating a gift that can be used in the functioning of an organization, as well as specific tax rules governing gifts of art from an artist's estate and other handmade gifts. If you are thinking of making a gift of personal property, please contact us so we can help you answer your questions and achieve your goals!

Should I Donate Real Estate?

Donations of real estate are incredibly generous and graciously accepted, but there are many things to consider in the transference or conservation of real estate. We would love to talk with you one-on-one if this is something you're thinking about! If you own real estate that has conservation value, under some circumstances we may be able to accept that land as a gift. We can also work with you to create a Conservation Restriction or Conservation Legacy Agreement. If you own real estate that doesn't have conservation value, consider our House to Habitat program as a creative way to use that property to protect nature.

Can I Place Guidance or Restrictions on My Gift?

Please contact us if you're interested in directing a gift to a favorite Mass Audubon sanctuary, a program you or a loved one has benefitted from, or some other specific aspect of our organization. We have many incredible spaces and programs funded by restricted gifts, and we're happy to work with you to meet your charitable goals. However, there's nothing better than an unrestricted gift for helping Mass Audubon achieve our goals, as we grow and evolve alongside the changing needs of the environment. Unrestricted gifts allow us to remain flexible, weather uncertainty, and do the best and most impactful work, protecting nature for all of us today and into the future.

Do I Have to Tell Mass Audubon if I've Made a Gift?

While you don't have to tell us if you've made an estate gift, there are many reasons you should! Letting us know allows us to welcome you to our Tern Society, and also helps Mass Audubon more accurately plan for our future. If you have concerns about privacy or anonymity, you have the option to be an anonymous donor.





Contact the Gift Planning Department

Betsy Townsend

Director of Gift Planning
btownsend@massaudubon.org
781-259-2136

Planning your estate and legacy for future generations, including your charitable interests, takes careful evaluation. We encourage you to consult with your Advisors, as Mass Audubon does not provide individual legal or tax advice.



Mass Audubon