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ANGLICAN CHURCH

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REMEMBERING WE ARE MORTAL

A Lenten Reflection on Estate and Tax Planning

I. "I Don't Want to Be a Burden"

Many of us quietly carry this refrain. We do not want to burden our children. We do not want to burden someone with financial decisions. We do not want to burden anyone with our medical needs. And yet, love carries weight. Scripture does not tell us to avoid burden; it tells us to bear one another's burdens. The goal of planning is not to eliminate burden altogether. The goal is to lighten it — to replace confusion with clarity.

Reflection: Where do I fear being a burden?

II. Basic Estate Planning Tools

Trust: A legal tool that holds your property with written instructions. You remain in control during your lifetime. After death, assets pass according to your instructions, often without probate.
Will: A document that directs who receives your property and who will care for minor children. It takes effect at death and goes through probate.
Power of Attorney: Names someone to handle financial matters if you are unable to do so.
Health Care Directive: Names someone to make medical decisions and outlines your wishes if you cannot speak for yourself.
Probate: The court process that settles an estate after death. In California, it can be time-consuming and costly.

Questions I need to address:

III. Who Needs an Estate Plan?

In California, nearly every adult does. Homeowners, married or single individuals, parents, and anyone who wants someone to speak for them in a time of need. Even modest estates can trigger probate if there is no plan in place. Everyone has an estate plan — either you design it, or the court does.

One next step I should take:

IV. Choosing a Trusted Person

Many assume they should choose the most financially knowledgeable person. In reality, the most important qualities are responsibility, responsiveness, and the ability to maintain healthy family relationships.

Who might serve well in this role?

V. Taxes at Death

If you are single, your assets pass according to your will, trust, or California law.

If you are married, assets often pass to the surviving spouse first. Full distribution typically occurs at the second death.

Step-Up in Basis

Certain assets, such as homes and investment accounts, often receive a reset in tax value at death. This can significantly reduce capital gains tax for heirs. Professional guidance can help ensure tax returns are completed correctly, capital gains are treated properly, and charitable intentions are coordinated thoughtfully.

Questions I should ask a tax advisor:

VI. Charitable Planning Tools

Qualified Charitable Distribution (QCD): For individuals age 70½ and older, gifts can be made directly from an IRA to a qualified charity. These gifts may satisfy required distributions and are not included as taxable income.

Donor Advised Fund (DAF): A charitable giving account that allows you to contribute assets now, receive a tax deduction, and allocate grants to charities over time.

In many cases, tax-exposed assets such as IRAs may be well suited for charitable beneficiaries, while assets that receive a step-up in basis may be more appropriate for family members.

Charitable intentions I want to consider:

VII. Intention and Reality

Joint accounts, adding children to home titles, or spreading funds across multiple banks often come from good intentions. Yet these choices can create tax complications or additional work for successor trustees.

Is my current structure simple and aligned with my intentions?

VIII. Closing Reflection

You are allowed to be a burden.

And you are also called to act with clarity and love.

One faithful step I will take in the next 90 days:
